



Global Entrepreneurship Monitor

Egypt Entrepreneurship Report 2010

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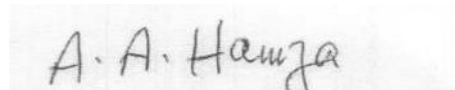
Message from the President of the British University in Egypt

Though this report relates to 2010, post revolutionary Egypt will need, even more than previously, a strong small business sector. Hence it needs to understand the concept of entrepreneurship and the factors constraining its development in the country. Like all economies, Egypt has been seriously affected by the Global Financial crisis and the consequent economic recession. This report, building on the inaugural report for 2008, reflects that. It demonstrates quite clearly that despite the efforts of the pre-revolutionary Government to support entrepreneurship, the level of entrepreneurial activity in the economy declined rather than increased over the 2 year period. This cannot continue. The country will need to invest in its own resources if it is to compete successfully in an increasingly turbulent global knowledge economy. Inevitably the rate of inward investment will be reduced, as will be the flow of aid, so new small businesses will be needed not just to create wealth for their founders but jobs and wealth for the country.

In the modern knowledge economy that characterizes the 21st century, education will play a major role but a “radical reform of the Educational system to encourage creativity and innovation” will be necessary as the Report identifies. Not only will young graduates be expected to commercialise their knowledge and intellectual property in order to create jobs for themselves and their country, but so will the Universities and institutions of Higher Education. They will need not just to engage in research but in the knowledge transfer and knowledge commercialization process, bringing to market new ideas and innovations. They will need to be at the forefront of knowledge, therefore, pushing forward its frontiers and contributing to economic and social development through the commercialization process. This will require a radical transformation in the perceived role of Higher Education in the country as well as a transformation in the way our universities operate; something my own institution is attempting to do.

However, it is not just the education system that will need to change as the report demonstrates. Changes are needed to the finance system, giving new businesses easier access to much-needed necessary finance, while there needs to be a shift in the attitudes of society to ensure that the concept of entrepreneurship is not just understood but valued and supported. Clearly there is much to be done and it will take time but there is clearly a mood of change in the country. Since 2008, various changes have taken place as the report shows and it will be interesting to see, when the next study is undertaken, how the events of 2011 have impacted on progress.

I commend this report to you for serious consideration, whether you are a policy maker, support agency, academic or entrepreneur. A thriving culture of entrepreneurship is needed in Egypt. This report, like its predecessor, helps us better understand what the country needs to do to ensure we achieve it.



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The assistance of Middle East Council for Small Business and Entrepreneurship (MCSBE) is also acknowledged, and especially Mr. Amr Gohar for his supporting role in aiding dissemination of the research results.

The GEM Egypt team acknowledges the work and efforts of The Nielsen Company in conducting the Adult Population Survey of a nationally representative sample of over 2,500 adults across the country, achieving a high level of quality and precision according to GEM international standards.

Finally, appreciation is extended to the thousands of Egyptians who took time to participate in the Adult Population Survey and the Survey of National Experts. They generously shared their time and insights to enrich our understanding of the current state of entrepreneurship in Egypt. The result has been a very rich dataset about the level of entrepreneurial activity in the country and the environment and conditions for the emergence of new entrepreneurs, thereby aiding decision-making and policy formulation.

Executive Summary

Due to the increasing importance of entrepreneurship as a driver of economic growth, productivity, innovation and job creation, it has become a focus for academic research in an attempt to understand its development. The Global Entrepreneurship Monitor (GEM) is one such study.

The Global Entrepreneurship Monitor (GEM) was created in 1998 with the objective to collect relevant harmonized data on an annual basis from different countries. The GEM study has three key objectives:

1. To measure differences in the level of entrepreneurial activity among countries
2. To uncover factors determining the national levels of entrepreneurial activity
3. To identify policies that may enhance the national level of entrepreneurial activity.

The 2010 GEM Study is important for Egypt for three key reasons:

- ❖ It is the first study that captures the effect of the Global Economic Crisis on entrepreneurship in the country.
- ❖ It is the first study that addresses the level of awareness among entrepreneurs of the available Government support.
- ❖ There has been an increase in the number of countries participating in GEM from the Middle East and North Africa region, enabling closer regional analysis and comparison.

The GEM study is made up of two components, the Adult Population Survey completed by a representative sample of some 2,500 respondents across Egypt and the National Experts Survey completed by 36 experts. The key findings from both components of the GEM study are summarised below.

Entrepreneurship Activity in Egypt

- ❖ In Egypt, the Total Entrepreneurial Activity rate (TEA) which measures the percentage of the population (18-64 years old) either actively trying to start a business or already owning and managing a business less than three and a half years old is 7.01% , a significant drop from 2008 when TEA was 13.1%.
- ❖ Nascent entrepreneurs who are actively trying to start a business account for 2.1% of the adults in Egypt, while owner/managers of a young business that is between four and 42 months old account for 4.9%, whereas the owners and managers of an established business that has been in existence for more than 42 months account for 4.5%.
- ❖ If extrapolated to the total population in Egypt, an estimated 2.7 million people are entrepreneurially active, of which 0.8 million are nascent entrepreneurs, 1.9 million are owners of young business and 1.72 million are owners of established businesses.
- ❖ On average, 2.67 adults are involved in the start-up of each nascent enterprise, and 2.6 adults in the management and ownership of each young enterprise.
- ❖ 0.8 million nascent entrepreneurs were trying to start 30,000 new enterprises in 2010; and the 1.9 million early-stage entrepreneurs owned 731,000 young enterprises.

- ❖ Egypt has one of the lowest business discontinuation rates amongst the factor driven economies in 2010 with a rate of 3.8% and a relatively high number of Egyptian businesses discontinuing because the business is not profitable.
- ❖ Necessity-driven entrepreneurship has risen between 2008 and 2010. From one out of five entrepreneurs driven by necessity in 2008, to three out of four in 2010, which is the highest among all of the GEM 2010 countries, irrespective of their level of economic development.
- ❖ Overall there was a decline in the entrepreneurial activities rates between 2008 and 2010.

GEM Category	2008	2010
TEA rate	13.1%	7.01%
Nascent Entrepreneurs	7.9%	2.1%
New Firm Entrepreneurs	5.5%	4.9%
Established Business Owners	8.8%	4.5%
Business Discontinuance Rate	6.3%	3.8%

- ❖ Demographic groups of the adult population with the highest TEA rates were: 1) men; 2) those in the 25-34 year age group; 3) those with a second degree; 4) those in the household income group of EGP 6,001-8000; 5) those living in Cairo; and 6) those who are self-employed.
- ❖ Women are less entrepreneurially active than men; the gender gap in Egypt is among the highest in the GEM 2010. However, their percentage of the overall population has increased between 2008 and 2010, from less than 20% to almost 35% of the early-stage entrepreneurs.
- ❖ Early-stage enterprises and established businesses are concentrated in consumer oriented services (42% and 38%, respectively) such as the retail trades, hotels and restaurants, etc. Whereas nascent entrepreneurs are actively operating in the manufacturing sector, young business owners are operating mainly in utilisation, transportation, storage and communication.
- ❖ The vast majority of early-stage enterprises and established businesses are small-sized enterprises. 68%, 60% and 55.9% of nascent, baby and established enterprises, respectively, have 1-5 jobs, and a very low percentage has more than 20 jobs. Between 16% and 24% of businesses in Egypt do not have any employees other than the owner.
- ❖ In terms of start-up capital, almost 55% of nascent enterprises need up to EGP 10,000 to be started, while 10% of nascent entrepreneurs need more than 500,000 to finance their start-ups. Most nascent entrepreneurs finance their start-ups from their personal money, especially when the amount of money needed to launch the business is small. However, external financing is sought as another major source of funding. It is noticeable that nascent entrepreneurs requiring high amounts of money will not seek external funding.
- ❖ Export orientation is very low among Egyptian entrepreneurs, with only 20% of both early stage enterprises and established businesses having customers outside Egypt.
- ❖ Early-stage entrepreneurs in Egypt have minimal involvement in the high/medium technology sectors. More than 99% of all business start-ups and young businesses are operating in sectors classified as using no, or low levels of technology. Compared to the other GEM 2010 countries, Egypt is ranked towards the bottom of the list, even among the factor driven economies.

Attitudes towards Entrepreneurship in Egypt

- ❖ More than 63% of the Egyptian population are confident they have the necessary skills and capabilities to start their own business.
- ❖ Only one quarter of the population said that fear of failure would prevent them from starting a business, ranking Egypt 11th among the 59 GEM 2010 countries.
- ❖ The Egyptian's perception of entrepreneurship as a desired career choice is relatively high compared to the other GEM 2010 countries.
- ❖ Almost 90% of the population agree that successful entrepreneurs receive high status in the country and 70% agree that media is paying sufficient attention to entrepreneurship.
- ❖ Although entrepreneurship is positively perceived in Egypt, the intention to start a business is low among the adult population. Only one quarter said that they are intending to start their own businesses within the coming three years.

Impact of the Global Economic Crisis

- ❖ Both the early-stage entrepreneurs and established business owners are heavily impacted by the global economic crisis. More than 67% and 69%, respectively, believed it had resulted in fewer business opportunities
- ❖ The impact of the crisis is more obvious on the established businesses than early-stage enterprises. 53% and 48% of established business owners believe the global economic crisis had made starting and growing a business, respectively, more difficult, while 45% and 34% of early-stage entrepreneurs, respectively, felt so.
- ❖ When compared to the GEM 2010 countries, the impact of the global economic crisis on starting or growing a business in Egypt has been relatively severe.

Findings from the National Expert Survey on the Entrepreneurial Framework Conditions (EFC)

The second key component of the GEM study includes assessment of nine entrepreneurial framework conditions identified by GEM as being crucial to provide a supportive and enabling environment for new business establishment and growth. These are: 1) availability of financial support; 2) government policy support; 3) extent and quality of government support programmes; 4) the presence of entrepreneurship in the education and training system; 5) accessibility of R&D and technology; 6) the extent, quality, and cost of commercial services available; 7) the degree of market openness and dynamism to make room for the entry of new firms; 8) ease of access to physical infrastructure (e.g. ICT, utilities, transportation systems, land); and 9) the extent to which existing social and cultural norms encourage or discourage individual actions leading to entrepreneurial activity (e.g. entrepreneurial culture, respect for entrepreneurs). Thirty six National Experts were carefully selected based on their expertise in one or more of these factor conditions.

- ❖ The Egyptian national experts were quite negative about the strength of many of the EFCs. In fact, between 2008 and 2010, the strength of seven out of nine EFCs in supporting entrepreneurship had declined.
- ❖ The experts' poorest assessment was of the state of entrepreneurship education across all the stages of the educational process, social and cultural norms support and R&D and technology transfer support. Financial support for new and growing firms, access to research

and technology; commercialisation support to engineers and scientists with market potential technologies or applications; and the transfer of knowledge and technology from universities and public research centres to new and growing firms, were all viewed as being extremely weak.

- ❖ National Experts believe that the education system with respect to entrepreneurship is very poor and this is reflected in Egypt being ranked last among the other GEM countries on the Education and Training EFC. The education system, at all levels, in Egypt was perceived by the national experts as one of the top constraining factors.
- ❖ National experts viewed the financial support available to new and growing firms as inadequate, particularly equity and venture capital financing. They had a slightly better view on the funding support available from private individuals (other than the founder). Their assessment placed Egypt 29th among the 53 GEM 2010 countries.
- ❖ The national experts had mixed perception of the support and facilitation provided to the new and growing firms through government policies. The experts believed that the support for the new and growing firms is a high priority for policy at the national government level. However, they expressed concerns about: 1) the difficulty for new and growing firms in coping with government bureaucracy, regulations, and licensing requirements; 2) the difficulty for new and growing firms with getting the required permits and licences in a short time (one week); and, 3) the lack of government policies (e.g. public procurement) favouring new and growing firms.
- ❖ The national experts perceived the support programmes introduced by the Government to encourage the new and growing firms as insufficient and ineffective.
- ❖ On the other hand, Egypt ranked well among GEM countries about access to physical infrastructure and the level of market dynamism (e.g. changing and expanding markets creating opportunities for new firm entries), although not quite so well on the ease with which new firms can enter established markets (e.g. unfair competition, ineffective anti-trust legislation).

Contents

Message from the President of the British University in Egypt	ii
Acknowledgments.....	iii
Executive Summary	iv
Contents	viii
Part I: Introduction to Global Entrepreneurship Monitor Egypt	1
GEM Measures	1
GEM Model	2
Research Methodology	4
Part II: Adult Population Survey (APS) Findings	6
Early-Stage Entrepreneurial Activity Prevalence Rates in Egypt	6
Motives for Becoming an Entrepreneur.....	9
Egypt's Entrepreneurial Orientation:	11
Entrepreneurial Attitudes and Perceptions of the Population.....	11
Government Support for Entrepreneurship	14
Level of awareness of Entrepreneurship activity Support	14
Availability of Financial Support in Egypt	15
Impact of Economic Crisis	16
Demographics and Entrepreneurial Activity in Egypt	18
Gender and Entrepreneurial Activity	18
Age and Entrepreneurial Activity	19
Education and Entrepreneurial Activity	22
Household Income and Entrepreneurial Activity	24
Labour Force Status and Entrepreneurial Activity.....	25
Regional Variations and Entrepreneurial Activity	26
Characteristics of the Early-Stage Enterprises	27
Enterprise Sectors	27
Employment Prospects	28
Start-up Capital and Requirements.....	29
Export Orientation.....	30
Innovation and Growth Expectations	31
Business Discontinuances	34
Part III: National Expert Survey (NES) Findings - Entrepreneurial Framework Conditions	35
Expert's Perceptions of the Strength of Entrepreneurial Framework Conditions	35
1. Financial Support.....	36
2. Government Policies.....	38
3. Governmental Entrepreneurship Programmes	40
4. Education and Training	41
5. R&D Transfer	43
6. Commercial and Services Infrastructure	45
7. Market Openness.....	46
8. Accessibility of Physical Infrastructure	48
9. Social and Cultural Norms	49
Experts' Views on Other Aspects of the Entrepreneurial Environment	50
Start-up Support to Women	50
Opportunities to Start Up	51
Abilities and Knowledge to Start Up.....	52

Experts' Views on Areas Constraining and Fostering Entrepreneurial Activity in Egypt	53
Part V: Recommendations	57
Elevating the Level of Women's Entrepreneurship	59
Annex 1. GEM2010 National Teams – Global	62
Annex 2. Glossary of GEM Terminology and Main Indicators	70
Annex 3. GEM Entrepreneurial Framework Conditions	71
Endnotes.....	72

List of Tables

Table 1 Entrepreneurial Activity in the 59 GEM Countries in 2010, by Phase of Economic Development	7
Table 2. Motives for Early-Stage Entrepreneurial Activity - GEM Countries	10
Table 3. Entrepreneurial Attitudes & Perceptions in the GEM Countries by Phase of Economic Development, 2010.....	12
Table 4 Impact of Economic Crisis	16
Table 5. Start-up Money for Nascent Enterprises – Egypt, 2008.....	29
Table 7. Summary of Egypt's Relative Performance in Assessment of EFCs	36
Table 8. Areas Constraining Entrepreneurial Activity in Egypt - Experts' Opinions.....	54
Table 9. Areas Fostering Entrepreneurial Activity in Egypt - Experts' Opinions.....	55
Table 10. Experts' Recommendations to Improve the Level of Entrepreneurial Activity in Egypt.....	56

List of Figures

Figure 1 The Entrepreneurial Process	2
Figure 2 Characteristics of Economic Groups and Key Development Focus.....	3
Figure 3 GEM Conceptual Model.....	3
Figure 4. Total Early-Stage Entrepreneurial Activity (TEA) by Phase of Economic Development	8
Figure 5. Early-Stage Entrepreneurial Activity Rates by Per Capita GDP, 2008	9
Figure 6 Level of awareness of Entrepreneurship activity Support.....	15
Figure 7 The challenges in acquiring governmental financial support for starting up a business	16
Figure 8. Opportunity and Necessity TEA Rates - Total, Male, Female - Egypt 2010	18
Figure 9. Early-Stage Entrepreneurial Activity Rates by Gender - GEM Countries, 2010	19
Figure 10. Early-Stage TEA Rates by Age Group and Phase of Development, 2010.....	20
Figure 11. Early-Stage TEA Rates by Age Group and Geographic Region, 2010.....	20
Figure 12. The Distribution of Early-Stage Entrepreneurs by Age Group - Egypt, 2010.....	21
Figure 13. Male-Female Share of Early-Stage Entrepreneurs by Age Group – Egypt, 2010.....	21
Figure 14. Entrepreneurial Activity Rates by Age and Phase of Entrepreneurial Process – Egypt, 2010	22
Figure 15. TEA Prevalence Rates by Education and Gender – Egypt, 2010.....	22
Figure 16. Distribution of Adult Population and Early-Stage Entrepreneurs by Level of Completed Education – Egypt, 2010.....	23
Figure 17. Male-Female Share of Early-Stage Entrepreneurial Activity by Education	23
Figure 18. TEA Prevalence Rates by Household Income and Gender - Egypt, 2010.....	24
Figure 19. Male-Female Share of Early-Stage Entrepreneurs by Household Income Group - Egypt, 2010	24
Figure 20. TEA Prevalence Rates by Labour Force Status and Gender - Egypt, 2010	25
Figure 21. Labour Force Attachment of Early-Stage Entrepreneurs – Egypt, 2010.....	25
Figure 22. TEA Prevalence Rates by Region and Gender - Egypt 2010	26
Figure 23. Distribution of Adult Population and Early-Stage Entrepreneurs by Regions – Egypt, 2010	26

Figure 24. Sector Distribution of Early-Stage and Established Businesses - Egypt, 2010.....	27
Figure 25. Current Number of Jobs by Stage of Enterprise Development - Egypt, 2010.....	28
Figure 26. Jobs Expected in 5 Years - Egypt, 2010.....	28
Figure 27. Number of Customers outside Egypt.....	30
Figure 28. Number of Customers outside the Country, GEM 2010 Countries	31
Figure 29. Reasons for Business Discontinuance, GEM Countries, 2008.....	34
Figure 30. Financial Support – Cross-National Comparison.....	37
Figure 31. Perceptions of the State of Financial Support in Egypt.....	37
Figure 32. Government Policies (concrete policies, priority and support) – Cross-National Comparison.....	38
Figure 33. Government Policies (bureaucracy, taxes) – Cross-National Comparison	39
Figure 34. Perceptions of the State of Government Policies in Egypt.....	39
Figure 35. Government Programmes – Cross-National Comparison.....	40
Figure 36. Perceptions of the State of Government Programmes in Egypt	41
Figure 37. Entrepreneurial Education at Primary and Secondary Schools – Cross-National Comparison	42
Figure 38. Entrepreneurial level of education at Vocational, Professional, College and University	42
Figure 39. Perceptions of the State of Entrepreneurial Education and Training in Egypt	43
Figure 40. R&D Transfer – Cross-National Comparison.....	44
Figure 41. Perceptions of the State of R&D Transfer in Egypt.....	44
Figure 42. Professional and Commercial Infrastructure Access – Cross-National Comparison	45
Figure 43. Perceptions of the State of Commercial & Professional Infrastructure in Egypt	46
Figure 44. Market Dynamics – Cross-National Comparison	46
Figure 45. Internal Market Burden – Cross-National Comparison	47
Figure 46 . Perceptions of the State of Internal Market Openness in Egypt	47
Figure 47 . Accessibility of Physical Infrastructure – Cross-National Comparison.....	48
Figure 48. Perceptions of the State of Accessibility of Physical Infrastructure in Egypt.....	49
Figure 49. Social and Cultural Norms – Cross-National Comparison	49
Figure 50. Perceptions of the State of Social and Cultural Norms in Egypt.....	50
Figure 51. Vision of Women Entrepreneurship and its Support – Cross-National Comparison	51
Figure 52. Perceptions of Support for Women’s Entrepreneurship in Egypt.....	51
Figure 53. Availability of Good Start-Up Opportunities – Cross-National Comparison	52
Figure 54. Perception of Opportunities to Start up in Egypt.....	52
Figure 55. Abilities and Knowledge to Start and Manage a Business – Cross-National Comparison.....	53
Figure 56. Perception of Abilities and Knowledge to Start and Manage a Business in Egypt.....	53

Part I: Introduction to Global Entrepreneurship Monitor Egypt 2010

In 1998, The Global Entrepreneurship Monitor (GEM) was created with the objective to collect relevant harmonised data on an annual basis from different countries and to bring together academics from all over the world to work on a common research programme.

The GEM study has three key objectives:

- To measure differences in entrepreneurial attitudes, activity and aspirations among economies.
- To uncover factors determining the nature and level of national entrepreneurial activity.
- To identify policy implications for enhancing entrepreneurship in an economy.

GEM examines the factors that contribute to an entrepreneurial climate and the links between entrepreneurship and economic growth. Each year, a team of researchers from participating countries in the GEM cycle conducts its own independent investigation of domestic entrepreneurship using the same investigation methods, to ensure quality and comparability of the data, in order to study the complex relationships between new venture creation, economic growth, culture, government policies, and national prosperity.

The GEM Study has grown in importance and relevance over the last decade or so as the number of countries participating in the study has risen sharply, as has the broadness and depth of the data generated. In 1999, the first year that the GEM study was conducted, ten countries participated. This number has risen between 1999 and 2010 to 59 countries. These countries are listed in Appendix 1.

GEM Measures

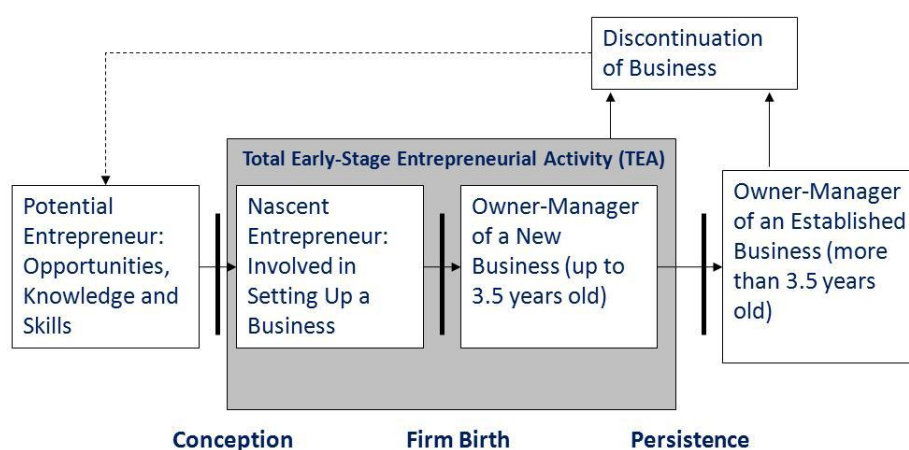
GEM research is based on the recognition that entrepreneurship is a complex phenomenon that spans a variety of contexts. The varied definitions in the entrepreneurship literature reflect this complexity. In line with its objectives; GEM takes a broad view of entrepreneurship and focuses on the role played by individuals in the entrepreneurial process. Unlike most entrepreneurship data sets that measure newer and smaller firms, GEM studies the behaviour of individuals with respect to starting and managing a business. This differentiates GEM from other data sets, most of which record firm-level data on (new) firm registrations. New firms are most often started by individuals, and individuals typically determine the entrepreneurial orientation and behaviour of established businesses, regardless of size.

An important guiding principle for GEM research is that entrepreneurship is a process. It considers people in entrepreneurial activity in different phases, from the very early phase when businesses are in gestation to the established phase and possibly discontinuation of the business. An individual entrepreneur who has succeeded in maintaining a business has gone through a process, and the characteristics of his or her actions are a very useful way to study entrepreneurial behaviour. The entrepreneurial process starts before the firm is operational. Someone who is just starting a venture and

trying to succeed in a very competitive market is an entrepreneur in spite of not having high-growth aspirations. On the other hand, a person may be an established business owner who has been in business for quite a number of years and still be innovative, competitive, and growth-minded. This person is also an entrepreneur.

GEM provides an umbrella under which a wide variety of entrepreneurial characteristics, such as motivations, innovativeness, competitiveness, and high-growth aspirations, can be systematically and rigorously studied. Within this context, the GEM data collection covers the life cycle of the entrepreneurial process and looks at individuals at the point when they commit resources to start a business they expect to own themselves (nascent entrepreneurs); when they currently own and manage a new business that has paid salaries for more than three months but not more than 42 months (new business owners); and when they own and manage an established business that has been in operation for more than 42 months (established business owners). Figure One summarises the entrepreneurial process. The most common operational variables and their definitions are outlined in Appendix Two.

Figure 1 The Entrepreneurial Process

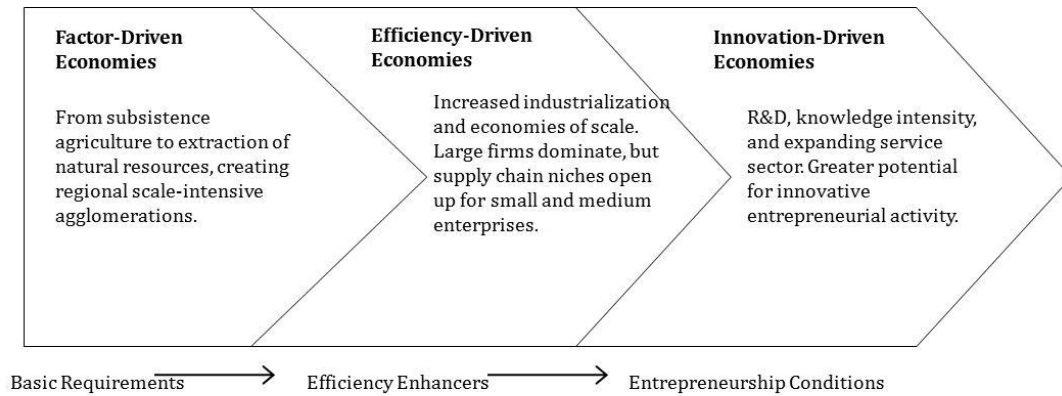


GEM Model

According to the GEM conceptual model, traditional analysis of economic growth and competitiveness tended to neglect the role played by new and small firms in the economy.ⁱ GEM takes a comprehensive approach and considers the degree of involvement in entrepreneurial activity within a country and identifies different types and phases of entrepreneurship.

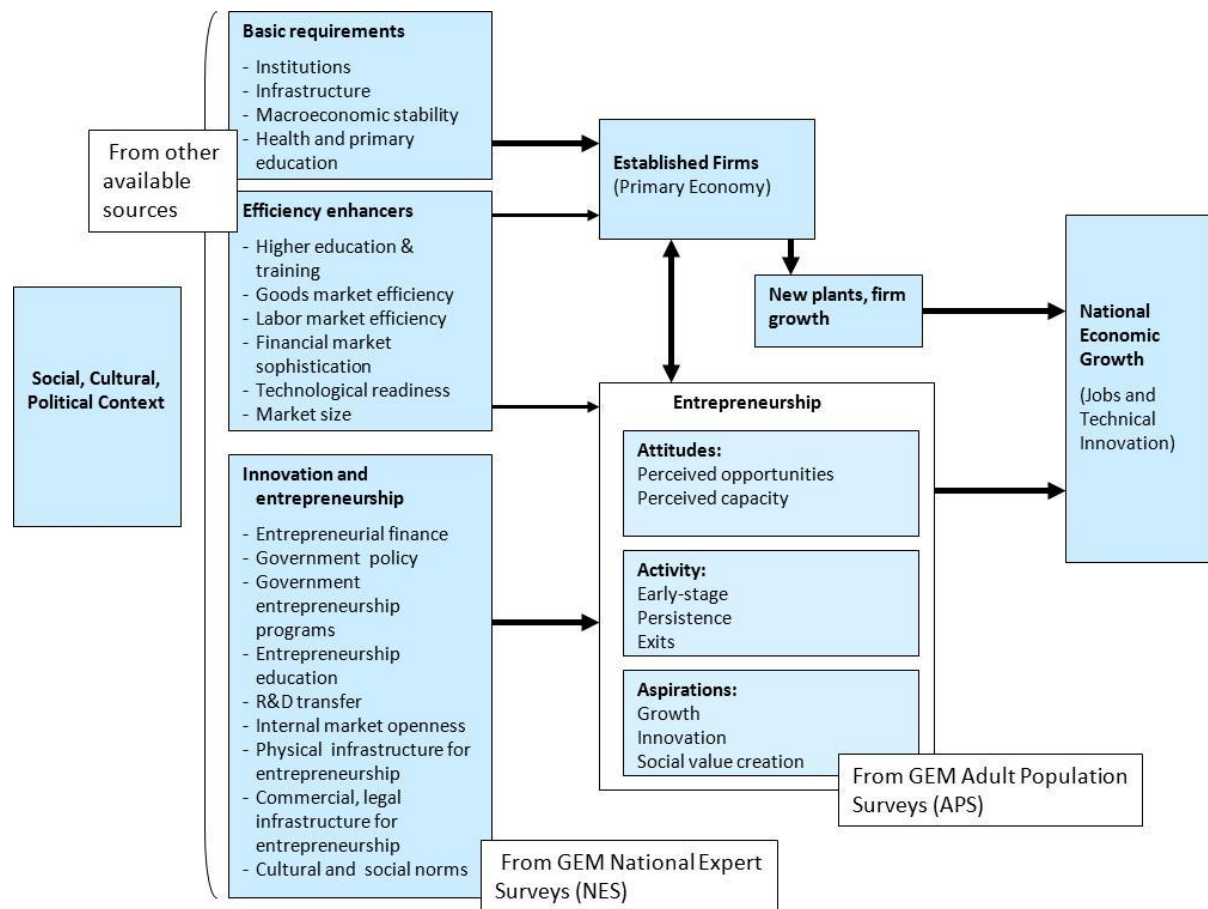
GEM's harmonised dataset enables comparisons of entrepreneurship activity around the globe, and within and across geographic regions. This report additionally examines groups of economies at similar development levels. Following a typology used by the World Economic Forum, GEM classifies the 59 GEM participants as "factor-driven," "efficiency-driven" or "innovation-driven" economies. Figure Two illustrates the characteristics of these economic groups and the key development focus at each level.

Figure 2 Characteristics of Economic Groups and Key Development Focus



Entrepreneurial activity takes place within a broader economic system that must provide the necessary “oxygen” of resources, incentives, markets, and supporting institutions to the growth of new firms. In this regard, global economic institutions play an important role. Within the GEM conceptual model, this is captured by the Entrepreneurial Framework Conditions (EFCs), which are considered to be the main determinants of a nation’s entrepreneurial environment.ⁱⁱ These conditions specifically, and variously, influence the level of entrepreneurship in an economy and, combined with entrepreneurial opportunity and entrepreneurial capacity; determine the rate of entrepreneurial activity. In turn, entrepreneurial activity contributes to economic growth and prosperity. Definitions for each of the nine EFCs are presented in Appendix Three.

Figure 3 GEM Conceptual Model



Research Methodology

The main data collection methods used in the GEM research are:

1. The Adult Population Survey (APS), conducted with a randomly-selected representative sample of at least 2,000 adults, aged 18-64 years old, and
2. The National Experts Survey (NES), conducted with 36 experts (key informants) on various aspects of entrepreneurship, selected on the basis of their knowledge and experience with respect to the nine entrepreneurial framework conditions.

The APS is the primary research tool of GEM. Each national team must survey at least 2,000 adults in their country using best practice in social science survey techniques. To ensure consistency and cross-country comparability, each country conducts exactly the same survey of its adult population at the same time of the year using the same methodology. The individual country surveys are then harmonised into one master dataset. The 2010 GEM global study was based on analysis of APS results from 59 countries and more than 150,000 adults across the world.

The 2010 APS survey questionnaire included a series of questions organised in several thematic areas to assess the attitudes and perceptions of the adult population towards entrepreneurship, their level of engagement in entrepreneurial activity, the characteristics of their enterprises, and their expectations for the future. The survey includes:

1. Questions to all respondents re: a) their activity related to trying to start a business (nascent entrepreneur), ownership of a business less than 42 months old (young business), ownership of a business more than 42 months old (mature business), and ownership of a business that has been closed down; b) their exposure to other entrepreneurs, perception of good opportunities for starting a business, self-perception of their knowledge, skills and experience required to start a business, and whether fear of failure would prevent them from starting a business; and perceptions about the value of entrepreneurship in society (i.e. desirable career choice, respect for entrepreneurs, and public media coverage of entrepreneurship).
2. Questions for people trying to start a business (e.g. the number of people involved in the start-up, etc.) and for people with a young business (i.e. year in which first wages, profits or payments in kind were received by the entrepreneur); the type of business; innovativeness of the product or service; number of competitors; use of new technologies or processes; percentage of customers outside the country (level of export orientation); number of employees; motivations for starting the business; start-up capital, where capital came from; expected return on their investment; number of businesses they currently have or have had in the past.
3. Questions for all people who own a business: a) number of owners involved; year of start-up; type of business; number of employees now, start-up capital, expectations for employment five years from now; motivations for being in business; and other questions asked in 2 above.
4. Questions to people who had a business in the past but left the business (closed it, sold it, left); reasons for the leaving the business and whether the business continued in some form.

5. Questions for all people who own a business about the: a) availability of government support (e.g. training, advisory, and financial) to start up a business; and, b) availability of governmental financial support.
6. Questions for all people who own a business about the impact of the economic crisis on starting and growing a business compared to a year ago, and business opportunities to start a business.
7. Demographic questions of all respondents: gender, age, education, main employment status, household income level, household size, city or rural location.

The first participation for Egypt in the GEM study was in 2008. It was the first time to conduct a study at the national level to capture the entrepreneurial incident among the Egyptian adult population, profiling the entrepreneurs, their motives and orientation, featuring the entrepreneurial enterprises and outlining the constraining and fostering factors to the entrepreneurial process. The 2008 study positioned Egypt on the global map of entrepreneurship, and benchmarked its entrepreneurial performance against that in 42 other developed and developing economies.

In order to monitor the entrepreneurial performance in the country, Egypt participated in the 2010 cycle along with 58 other countries. This study is important for Egypt for three key reasons:

- ❖ It is the first study that captures the effect of the Global Economic Crisis on entrepreneurship in the country.
- ❖ It is the first study that addresses the level of awareness among entrepreneurs and adult population of the Government support.
- ❖ An increase in the number of countries especially from the Middle East and North Africa region.

The Nielsen Company, a leader in market information and research, conducted the APS survey process and collected data from different governorates in Egypt during the months of July-August, 2010. The survey team consisted of English and Arabic interviewers. Survey data were collected from a nationally-representative sample of 2,500 adultsⁱⁱⁱ, using a combination of phone and face-to-face interviews.

The NES collected perceptions from a total of 36 national experts regarding the nine Entrepreneurial Framework Conditions. Largely, they were asked to indicate the degree to which they agreed with the veracity of a series of statements on a scale of 1 (completely false) to 5 (completely true). They were also asked to state the three topics/areas that are constraining entrepreneurial activity in Egypt, the three topics/areas that are fostering it, and their top three recommendations for improving the level of entrepreneurship in the country. The list of experts is presented in Annex 3.

Part II of this report presents the major findings from the APS survey, including comparisons with the results from the other 59 countries in GEM 2010 and Part III presents the views of the experts from the NES survey.

Part II: Adult Population Survey (APS) Findings

Early-stage entrepreneurs are defined by GEM as “entrepreneurially-active” adults between 18-64 years old who are in the process of starting a new venture that they will own (wholly or in part) and/or who currently own and manage an operating young business that is between four and 42 months old. The current part of the report presents the APS findings regarding these entrepreneurially-active adults in Egypt, in terms of their rates of involvement in the entrepreneurship process, demographics, enterprises’ characteristics and entrepreneurial orientations. It also sheds light on the impact of the economic crisis on the Egyptian entrepreneurs.

Early-Stage Entrepreneurial Activity Prevalence Rates in Egypt

The early-stage entrepreneurial activity (TEA) prevalence rate of the Egyptian adult population (the percentage of the 18-64 adult population who is either a nascent entrepreneur or a new firm owner) is 7.02%. Since TEA is a combination of nascent entrepreneurs and young business owners, this means that 7.02% of adults in Egypt are either nascent entrepreneurs who are actively trying to start a business (2.1%) or own/manage a young business that is between four and 42 months old (4.9%). In addition, 4.5% of the adult population owns and manages an established business that has been in existence for more than 42 months. Overall, 11.5% of adults in Egypt in 2010 were either actively trying to start a new business or owning a young or established business.

Of the total population in Egypt, there are an estimated 2.7 million of Egyptians are entrepreneurially active, of which 0.8 million are nascent entrepreneurs, 1.9 million are owners of young business and 1.72 million are owners of established businesses.

On average, 2.67 adults are involved in the start-up of each nascent enterprise, and 2.6 adults in the management and ownership of each young enterprise. This suggests that the 0.8 million nascent entrepreneurs were trying to start 30,000 new enterprises in 2010; and the other 1.9 million early-stage entrepreneurs owned 731,000 young enterprises. The majority of owners of early-stage enterprises and established businesses work in small teams and are likely to be operating as solo entrepreneurs. Women early stage entrepreneurs tend to work in smaller teams compared to men, however the majority of men and women are operating as solo entrepreneurs.

Results of the key entrepreneurial activity rate indicators for the GEM 2010 countries are compared in Table 2. Egypt ranks 37th among the 59 countries on the early-stage TEA rate (third column) and the last one among the factor driven economies. This represents a significant decline in the status of early stage TEA rate compared to 2008 (when Egypt ranked 11th among 43 countries).

Table 1 Entrepreneurial Activity in the 59 GEM Countries in 2010, by Phase of Economic Development

	Nascent entrepreneur- ship rate %	New business ownership rate %	Early-stage entrepreneurial activity (TEA) %	Established business ownership rate %	Discontinuation of businesses %
Factor-driven economies					
Angola	13.6	19.1	32.4	8.6	19.9
Bolivia	28.8	14.0	38.6	18.2	9.0
Egypt	2.1	4.9	7.0	4.5	3.8
Ghana	10.7	24.6	33.9	35.5	25.7
Guatemala	8.3	8.4	16.3	6.6	3.9
Iran	4.8	7.8	12.4	12.2	7.3
Jamaica	5.5	5.1	10.5	6.9	8.1
Pakistan	6.6	2.7	9.1	4.7	2.6
Saudi Arabia	5.9	3.5	9.4	3.9	3.8
Uganda	10.6	22.0	31.3	27.7	27.4
Vanuatu	31.2	28.2	52.2	23.2	22.0
West Bank and Gaza Strip	7.9	2.6	10.4	2.0	5.7
Zambia	17.3	17.1	32.6	9.6	23.5
<i>average (unweighted)</i>	11.8	12.3	22.8	12.6	12.5
Efficiency-driven economies					
Argentina	7.0	7.4	14.2	12.4	3.8
Bosnia and Herzegovina	4.1	4.1	7.7	6.6	4.7
Brazil	5.8	11.8	17.5	15.3	5.3
Chile	11.1	6.1	16.8	6.0	5.6
China	4.6	10.0	14.4	13.8	5.6
Colombia	8.6	12.7	20.6	12.2	5.1
Costa Rica	10.4	3.6	13.5	4.8	2.0
Croatia	3.8	1.9	5.5	2.9	4.5
Ecuador	10.4	11.5	21.3	14.7	7.2
Hungary	4.6	2.6	7.1	5.4	2.9
Latvia	5.6	4.2	9.7	7.6	4.2
Macedonia	4.4	3.6	8.0	7.6	3.7
Malaysia	1.4	3.6	5.0	7.9	1.9
Mexico	8.6	2.0	10.5	0.4	5.9
Montenegro	12.0	3.1	14.9	7.8	7.3
Peru	22.1	6.0	27.2	7.2	9.2
Romania	3.3	1.1	4.3	2.1	2.6
Russia	2.1	1.9	3.9	2.8	0.8
South Africa	5.1	3.9	8.9	2.1	4.8
Taiwan	4.7	3.8	8.4	7.2	3.7
Trinidad and Tobago	8.9	6.4	15.1	8.5	2.9
Tunisia	1.7	4.4	6.1	9.0	4.1
Turkey	3.7	5.1	8.6	10.7	4.6
Uruguay	7.8	4.1	11.7	7.2	3.5
<i>average (unweighted)</i>	6.7	5.2	11.7	7.6	4.4
Innovation-driven economies					
Australia	3.9	4.0	7.8	8.5	2.7
Belgium	2.3	1.4	3.7	2.7	2.0
Denmark	1.8	2.2	3.8	5.6	1.7
Finland	2.4	3.4	5.7	9.4	1.8

France	3.7	2.3	5.8	2.4	2.5
Germany	2.5	1.8	4.2	5.7	1.5
Greece	2.0	3.5	5.5	14.8	3.4
Iceland	7.4	3.3	10.6	7.4	3.4
Ireland	4.4	2.6	6.8	8.6	2.3
Israel	3.2	2.6	5.7	3.1	3.8
Italy	1.3	1.0	2.3	3.7	1.6
Japan	1.5	1.8	3.3	7.4	1.5
Korea	1.8	4.8	6.6	11.2	1.6
Netherlands	4.0	3.4	7.2	9.0	1.4
Norway	4.4	3.4	7.7	6.7	2.6
Portugal	1.8	2.8	4.5	5.4	2.6
Slovenia	2.2	2.4	4.7	4.9	1.6
Spain	2.2	2.1	4.3	7.7	1.9
Sweden	2.3	2.6	4.9	6.4	2.9
Switzerland	2.0	3.1	5.0	8.7	2.4
United Kingdom	3.2	3.3	6.4	6.4	1.8
United States	4.8	2.8	7.6	7.7	3.8
average (unweighted)	3.0	2.8	5.6	7.0	2.3

Source: Global Entrepreneurship Monitor, 2010 Report.

Figure Four shows TEA rates across the GEM 2010 countries organised into the three economic levels and exhibited within each from lowest to highest. The cross-national comparison of the data shows significant variation in the level of early-stage entrepreneurial activity factor driven economies⁴. However, Egypt ranks last among the factor driven economies, but just before Tunisia in the bottom of the MENA countries participating in the 2010 cycle.

Figure 4. Total Early-Stage Entrepreneurial Activity (TEA) by Phase of Economic Development

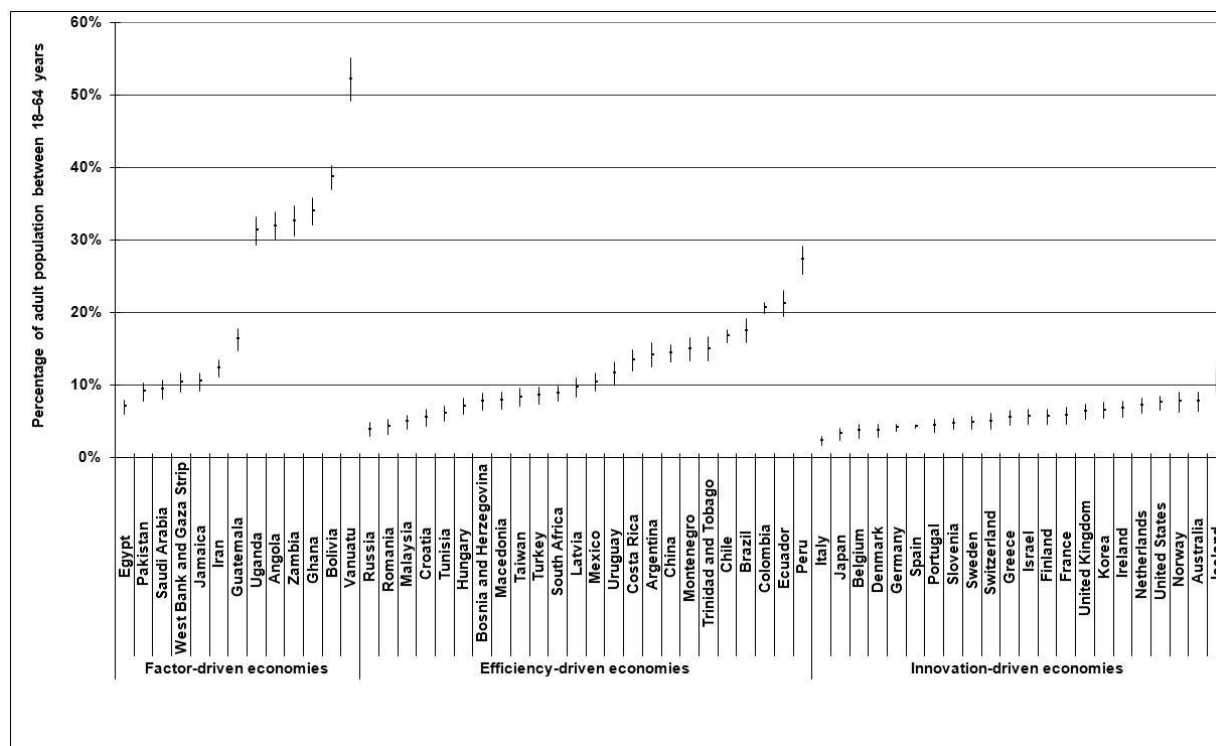
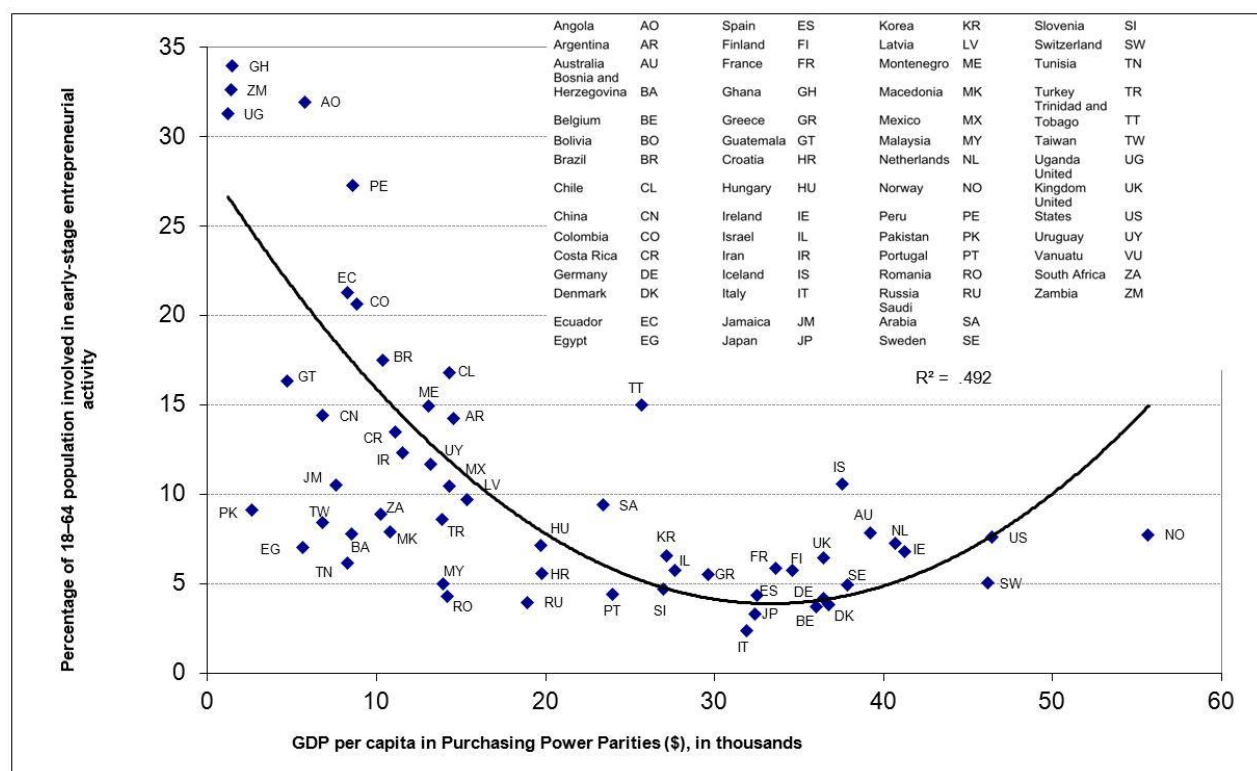


Figure Five plots the TEA rates against GDP per capita, adjusted for purchasing power parity. It shows that the TEA rates are highest for the poorest countries, declining rapidly and then levelling out in the efficiency stage, with low levels continuing into the innovation stage until they turn upward at increasing levels of wealth⁵.

Figure 5. Early-Stage Entrepreneurial Activity Rates by Per Capita GDP, 2008



Source: GEM Adult Population Survey (APS) and IMF World Economic Outlook Database

Motives for Becoming an Entrepreneur

It is believed that people are either pushed into entrepreneurship by negative situational factors, such as lack of suitable employment, or pulled into entrepreneurship because of the existence of attractive, potentially profitable business opportunities. Thus people are motivated to pursue entrepreneurship driven either by necessity “push” or opportunity “pull”.

Table Two presents the share of opportunity and necessity entrepreneurship in TEA rates for all GEM countries per level of economic development.

Table 2. Motives for Early-Stage Entrepreneurial Activity - GEM Countries

Country (per level of Economic Development)	Necessity-driven (% of TEA)	Improvement-driven opportunity (% of TEA)	Ration of "Opportunity" to "Necessity"
Factor-driven economies			
Angola	35.8	29.8	0.83
Bolivia	16.8	56.5	3.36
Egypt	53.0	25.2	0.48
Ghana	36.9	34.7	0.94
Guatemala	15.0	27.5	1.83
Iran	37.7	39.3	1.04
Jamaica	42.2	38.6	0.91
Pakistan	40.6	39.0	0.96
Saudi Arabia	9.6	75.0	7.83
Uganda	49.8	33.5	0.67
Vanuatu	37.8	23.9	0.63
West Bank and Gaza Strip	32.0	33.0	1.03
Zambia	32.2	41.2	1.28
Efficiency-driven economies			
Argentina	36.3	43.3	1.19
Bosnia and Herzegovina	46.5	29.8	0.64
Brazil	31.1	45.9	1.48
Chile	29.3	52.6	1.79
China	41.7	34.3	0.82
Colombia	39.6	40.8	1.03
Costa Rica	31.7	38.0	1.20
Croatia	32.3	48.8	1.51
Ecuador	27.6	44.7	1.62
Hungary	19.6	42.9	2.18
Latvia	26.8	50.8	1.90
Macedonia	58.7	22.8	0.39
Malaysia	12.4	41.2	3.33
Mexico	19.0	41.5	2.18
Montenegro	37.1	38.2	1.03
Peru	21.3	47.4	2.23
Romania	31.1	47.2	1.52
Russia	32.0	30.3	0.94
South Africa	36.0	31.1	0.87
Taiwan	30.4	48.0	1.58
Trinidad and Tobago	14.3	47.3	3.31
Tunisia	23.7	48.0	2.02
Turkey	37.3	46.7	1.25
Uruguay	26.0	53.5	2.06
Innovation-driven economies			
Australia	18.5	58.7	3.17
Belgium	9.9	53.5	5.41
Denmark	8.0	53.8	6.73
Finland	18.1	54.3	3.01
France	25.2	56.0	2.22
Germany	25.7	48.5	1.89
Greece	27.8	38.6	1.39

Iceland	6.8	68.3	10.00
Ireland	30.8	33.1	1.08
Israel	28.8	54.0	1.87
Italy	13.4	54.6	4.08
Japan	36.4	46.9	1.29
Korea	38.9	49.0	1.26
Netherlands	8.4	63.9	7.60
Norway	15.4	73.5	4.76
Portugal	21.8	51.8	2.37
Slovenia	16.2	53.8	3.32
Spain	25.4	42.1	1.66
Sweden	13.4	71.6	5.36
Switzerland	14.1	60.1	4.27
United Kingdom	10.6	43.1	4.06
United States	28.5	51.5	1.81

Source: GEM 2010.

In Egypt, more than half of the early-stage entrepreneurs reported that their involvement in entrepreneurship is out of necessity, while only 25% were motivated by pursuing market opportunity. This means that for four early stage entrepreneurs who are engaged in entrepreneurial activity, only one starts his/her business driven by opportunity. This is much lower than in other GEM countries whether the same level of economic development (i.e. the factor-driven economies) or the other levels. These figures indicate that the number of opportunity driven entrepreneurs decreased from 80% to 20% between 2008 and 2010.

In terms of gender differences, male early-stage entrepreneurs are more likely to be motivated by business opportunity more than females. However, for both, “necessity” is the main driving force to be engaged in entrepreneurship.

Egypt's Entrepreneurial Orientation:

Entrepreneurial Attitudes and Perceptions of the Population

There is a growing stream of research viewing the creation of new ventures as the direct outcome of an individual's intentions and consequent actions, influenced by environmental conditions⁶. GEM attempts to explore the factors that shape the individual's intentions and attitudes to form a particular venture.

GEM measures several indicators of attitudes: the extent to which people think there are good opportunities for starting a business and their capabilities for doing so. Also measured is fear of failure or its inverse: the level of risk individuals might be willing to assume to start a business. Perceptions about entrepreneurship are reflected in questions about the status of entrepreneurs, their media image and whether it makes an attractive career choice. Finally, GEM assesses intent to start a business in the individuals it surveys. The results are shown in Table Three for each of the GEM 2010 countries, grouped by their phase of economic development.

An individual may decide to start a business when and because he/she sees a specific entrepreneurial opportunity. Recognition of the opportunity by the entrepreneur is a major step in any entrepreneurial venture creation process⁷. When the individual has confidence in his/her capabilities and skills to start a

business, he/she is further encouraged to create the new venture. In Egypt, 63.4% of population surveyed in 2010 displayed confidence in their capabilities to start a business, placing the country in 21st place. However, this maybe a misplaced confidence in their ability and/or a misunderstanding of the knowledge and skills required. Only 38.8% of adult population saw a good opportunity to start a business (ranking Egypt 33rd among the 59 countries).

Another factor that has an impact on the individual's decision to start a business is the fear of failure. If the individual is risk averse then the chances of starting a business are low. In Egypt, only 25.5% of the adult population indicated that fear of failure would stop them from starting their own businesses, ranking Egypt 11th among the 59 GEM 2010 countries and ahead of most of the innovation driven economies.

In Egypt, entrepreneurship is positively perceived. This is reflected in the high percentage of adults who consider entrepreneurship as a desirable career choice (77.7%), whereas 89.9% of adults indicated that they confer high status on successful entrepreneurs and 70.5% said that there is enough media attention to the entrepreneurship. These percentages rank Egypt 15th, 4th and 15th respectively on these factors, again ahead of many efficiency and innovation driven economies.

It is expected when an individual finds starting a business an attractive career choice and believes he/she has the ability to do so, combined with low fear of failure, the entrepreneurial intention, or individual's intent to create a new venture, will be high. Nevertheless, this is not the case of Egypt; where most of the adult population surveyed in 2010 exhibited positive entrepreneurial signs, yet their entrepreneurial intention was low (24.3%), placing Egypt 23rd among the 59 countries. It is noticeable that the entrepreneurial intention is low among all the innovation driven economies while it is the highest among factor-driven economies, except Saudi Arabia (1%) and Egypt.

Table 3. Entrepreneurial Attitudes & Perceptions in the GEM Countries by Phase of Economic Development, 2010

	Perceived Opportunities	Perceived capabilities	Fear of failure*	Entrepreneurial intentions	Entrepreneurship as a good career choice	High Status to successful entrepreneurs	Media attention for entrepreneurship
Factor-driven economies							
Angola	67.3	73.1	32.2	54.5	70.1	83.3	74.7
Bolivia	53.2	75.8	28.4	49.3	62.9	66.6	51.1
Egypt	38.8	63.4	25.3	24.3	77.7	89.5	70.5
Ghana	75.7	74.6	10.4	68.8	91.1	90.7	78.6
Guatemala	62.9	71.0	23.2	30.7	73.8	59.7	44.1
Iran	41.6	65.7	30.1	31.4	63.6	84.6	62.3
Jamaica	56.1	80.2	33.0	38.1	85.1	84.8	77.4
Pakistan	51.9	56.2	34.3	32.4	76.3	80.7	61.0
Saudi Arabia	75.8	69.3	39.0	1.0	86.8	92.3	78.0
Uganda	80.5	86.7	20.7	77.1	81.1	87.3	81.9
Vanuatu	73.6	79.6	46.9	50.5	55.6	77.6	34.3
West Bank and Gaza Strip	44.0	57.0	40.0	28.2	85.3	83.5	62.5
Zambia	81.4	77.5	12.8	67.1	69.9	71.8	72.5
Efficiency-driven economies							
Argentina	50.3	63.5	21.3	21.0	74.3	67.1	61.7
Bosnia and Herzegovina	38.3	62.5	27.4	16.8	76.0	63.0	47.6
Brazil	48.1	57.9	33.2	26.5	78.0	79.0	81.1
Chile	65.0	65.6	22.1	38.3	87.4	71.2	45.7
China	36.2	42.3	32.0	26.9	70.0	76.9	77.0

Colombia	68.2	65.1	27.7	41.3	88.6	75.9	66.7
Costa Rica	46.4	68.8	36.0	13.2	64.3	63.4	60.8
Croatia	23.3	53.2	31.2	7.4	67.1	49.9	41.8
Ecuador	50.3	76.6	31.2	46.3	83.1	74.0	62.6
Hungary	33.3	43.4	42.4	13.8	55.0	73.7	47.4
Latvia	29.1	50.7	39.9	21.4	58.8	64.8	57.2
Macedonia	34.3	59.7	30.9	26.7	71.3	66.2	56.0
Malaysia	40.1	24.3	45.3	5.1	55.7	68.6	88.0
Mexico	55.6	64.6	33.4	22.3	69.4	62.8	54.0
Montenegro	36.1	70.9	30.4	31.9	81.0	68.4	69.5
Peru	71.4	76.5	34.0	39.6	82.0	76.8	81.2
Romania	17.5	38.2	41.1	8.6	66.5	65.5	46.9
Russia	21.7	22.7	41.7	2.6	65.4	63.7	46.6
South Africa	40.9	44.3	29.0	16.7	77.5	77.6	78.6
Taiwan	29.6	26.4	43.8	25.1	68.4	57.5	78.2
Trinidad and Tobago	69.1	82.8	11.6	30.4	83.2	77.6	67.2
Tunisia	37.6	53.1	23.2	24.1	89.1	92.7	78.4
Turkey	36.1	54.2	25.0	19.4	71.2	76.4	61.7
Uruguay	52.1	73.3	27.7	31.8	64.8	61.8	43.3
Innovation-driven economies							
Australia	45.7	53.2	35.8	8.7	57.0	68.4	70.5
Belgium	39.6	44.9	35.1	8.2	60.0	51.2	45.7
Denmark	46.4	40.7	31.5	5.9			
Finland	51.1	39.5	28.6	5.9	46.1	86.5	71.4
France	33.9	37.3	40.5	14.2	65.2	67.9	44.7
Germany	28.5	41.6	33.7	6.4	53.1	77.1	49.0
Greece	15.9	52.2	50.9	12.8	65.6	70.2	34.5
Iceland	48.7	49.0	33.7	15.7	51.2	60.9	66.6
Ireland	22.5	49.2	33.4	6.1	51.8	81.5	61.1
Israel	35.2	41.6	46.0	14.1	61.3	73.0	56.3
Italy	24.7	42.4	36.8	4.0	69.1	69.3	37.7
Japan	5.9	13.7	32.6	2.9	28.4	52.0	58.5
Korea	13.0	29.0	32.5	10.1	67.6	71.3	61.4
Netherlands	44.8	45.5	23.8	5.5	85.4	68.6	60.9
Norway	49.8	40.4	26.6	7.6	57.8	70.7	67.2
Portugal	20.3	52.1	29.7	8.8	67.5	70.5	52.6
Slovenia	26.8	56.3	27.5	8.7	53.2	73.7	56.2
Spain	18.8	50.2	36.4	5.8	65.4	62.5	40.7
Sweden	66.1	42.4	28.9	8.5	56.9	71.6	60.8
Switzerland	33.3	43.9	27.0	6.7	64.9	76.4	50.6
United Kingdom	29.2	51.8	30.3	5.1	51.0	76.7	52.2
United States	34.8	59.5	26.7	7.7	65.4	75.9	67.8

Source: *Global Entrepreneurship Monitor, 2010 Executive Report*

It is interesting to compare between 2010 and 2008. The comparison reveals that almost the same percentage of adults see 'good opportunities for starting business in the next 6 months', however, more adults in 2010 were more confident in their skills and knowledge to start a business (63.4% in 2010 compared to 53% in 2008). Fear of failure remained the same, though the 'intention to start a business in the next 3 years' dropped from 35% to 24.3% in 2010. On the other hand, entrepreneurship is being perceived more positively in 2010 and this is demonstrated in three measures: 1) More media attention is given to entrepreneurship (70.5% compared to 57% in 2008); 2) High status to successful entrepreneurs (89.5% compared to 40% in 2008); and, 3) Entrepreneurship is perceived as a desirable career choice (77.7% compared to 73% in 2008).

In summary, entrepreneurship is a vital factor to achieve human, social, technological and economic development in Egypt; the next part discusses the experts' views on the key environmental factors that encourage/discourage entrepreneurship in the country (shown in Figure 3 and listed and defined in Annex 3).

Government Support for Entrepreneurship

Due to the increasing interest in and the importance of entrepreneurship in Egypt, the Government has introduced several initiatives to develop and support Egyptian entrepreneurs, including advisory support, training programmes, financing opportunities, technical support, etc., through its various agencies and ministries.

In 2010, the Egyptian GEM team added a group of questions that aimed at measuring the level of recognition among the adult population of the various programmes and initiatives provided by the Government to support entrepreneurs in the country. The questions asked fall under two general themes:

1. Level of awareness
2. Financial Support

The remaining part of this subsection sheds light on these themes, in respect to the total population, new business owners and established businesses.

Level of awareness of Entrepreneurship activity Support

Under this theme, the adult population was asked three questions:

- Are you aware of the availability of governmental financial support/ loans to start up a business?
- Are you aware of the availability of governmental training support to start up a business?
- Are you aware of the availability of governmental advisory function to start up a business?

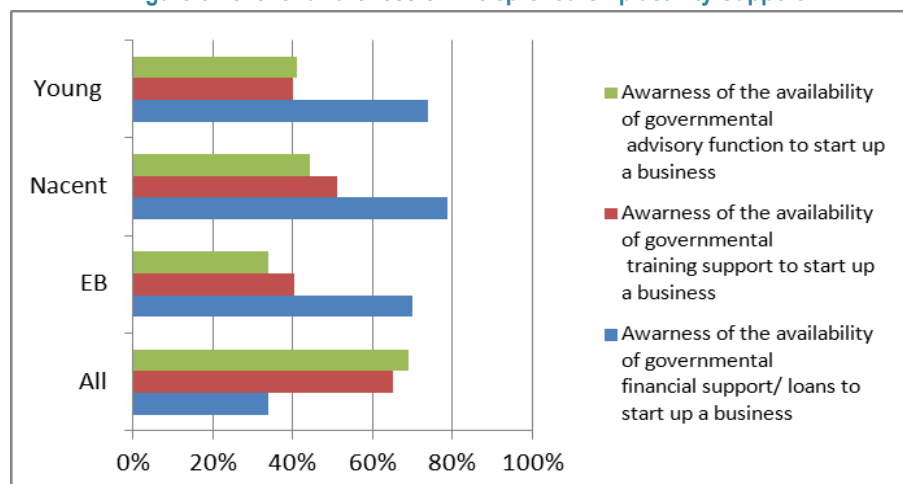
Only 34% of the adult population surveyed indicated that they were aware of the availability of governmental financial support and loans given to assist individuals in starting up their businesses (Figure 6). On the other hand, 79% of nascent entrepreneurs reported their awareness of this type of support compared to 74% of young business owners and 70% of established business owner.

In terms of training support programmes designed for the business start-ups, 65% of the population indicated that they were aware of the availability of this kind of supporting programme provided by the government. Nevertheless, this percentage is lower among business owners; where 51% of nascent entrepreneurs said they were aware of these programmes, while 40% of young business owners and 41% of established business owners reported that they were familiar with the training programmes provided by the various governmental agencies.

Another important support given by the Government of Egypt is advising individuals on how to pursue an opportunity and start a business, the different sources of finance, legal aspects, establishing networks, etc. Of the adult population, 69% indicated that they were aware of the advisory support given

to start-ups. However, the level of awareness of this type of support was much lower among business owners; 44% and 41% of nascent entrepreneurs and young business owners, respectively, said yes they knew about the presence of the advising function played by the government, while only 34% of established business owners said this was the case.

Figure 6 Level of awareness of Entrepreneurship activity Support



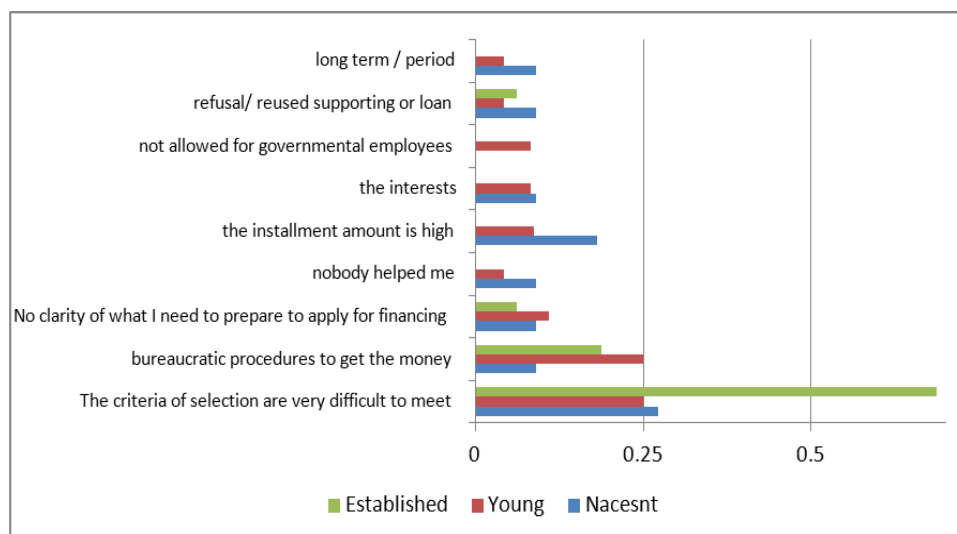
Availability of Financial Support in Egypt

As part of its economic reforms, the pre-revolution Egyptian Government strove to facilitate and provide financial support to entrepreneurs. An example of this support is represented by the establishment of institutions like the Egyptian Financial Supervisory Authority (EFSA) and General Authority for Investment

Under this theme, participants were asked if they have ever tried to acquire governmental financial support to start a business, and what were the challenges faced when they tried to acquire the fund. (Figure 7). Thirteen percent (13%) of nascent entrepreneurs indicated that they had tried to get the governmental financial support, compared to 10% of young and established business owners. However, 34% of nascent entrepreneurs and 36.5% of young business owners said that they had faced challenges when they tried to acquire governmental finance compared to only 6.3% of established business owners.

The main challenges facing all three types of business owners is the difficulty of meeting criteria of selection for loans, followed by the bureaucratic procedures that they have to go through in order to apply for the loan. A major challenge that faces nascent entrepreneurs is the repayment amount is too high.

Figure 7 The challenges in acquiring governmental financial support for starting up a business



Impact of Economic Crisis

The global economic recession of 2008 strongly affected the Egyptian economy because 75% of the Gross Domestic Product is composed of international trade⁸.

GEM attempted to investigate the impact of the economic crisis on the adult population participating in the study and the business owners, through asking participants about the degree of difficulty in starting/growing a business compared to one year ago, and whether the crisis had an impact on business opportunities. Table Four presents the results for both early stage enterprises and established businesses for the GEM 2010 countries.

Table 4 Impact of Economic Crisis

	% TEA starting a business now compared to one year ago: more difficult	% TEA growing a business now compared to one year ago: more difficult	% TEA effect global crisis: fewer business opportunities	% EBstarting a business now compared to one year ago: more difficult	% EB growing a business now compared to one year ago: more difficult	% EB effect global crisis: fewer business opportunities
United States	46.5	28.68	.	64.17	46.32	.
Russia	50.57	30.36	38.81	65.87	46.66	57.61
Egypt	45.49	34.49	67.91	53.07	48.29	69.27
South Africa	62.96	38.08	35.57	69.96	43.73	42.03
Greece	75.67	60.97	63.46	86.61	70.03	81.36
Netherlands	33.26	18.92	33.96	54.84	32.67	42.97
Belgium	42.29	20.64	40.93	62.46	43.96	55.53
France	43.71	17.96	40.63	73.21	25.91	59.32
Spain	71.86	50.62	69.87	83.31	68.83	80.45
Hungary	51.51	36.05	66.13	53.87	49.74	73.86
Italy	59.64	34.04	65.3	78.16	56.19	67.21
Romania	83.47	60.39	80.87	90.56	84.31	83.2
Switzerland	36.44	28.3	35.99	47.3	31.34	33.39
United Kingdom	49.85	25.95	42.28	58.96	34.97	47.91

Sweden	10.11	15.13	20.12	9.13	8	34.8
Norway	23.13	19	25.86	33.09	23.95	30.55
Germany	41.68	31.87	30.82	58.19	44.28	48.68
Peru	35.15	15.9	38.26	45.39	32.3	33.57
Mexico	64.34	28.97	60.22	58.8	46.44	90.03
Argentina	44.74	15.69	51.1	56.57	35.79	62.97
Brazil	41.22	17.7	26.11	57.55	29.72	40.2
Chile	36.33	17.05	40.91	46.96	21.53	41.28
Colombia	43.37	21.82	47.44	59.04	38.56	55.19
Malaysia	57.48	33.74	44.18	53.33	34.07	47.28
Australia	36.29	26.26	42.92	58.51	34.36	52.27
Japan	44.9	20.36	40.41	62.43	48.95	53.22
Korea	59.99	43.53	47.97	78.49	59.54	59.11
China	64.31	21.68	47.8	59.9	27.28	37.04
Turkey	67.18	45.19	18.05	76.15	55.32	12.21
Pakistan	74.48	46.88	62.98	64.05	57.46	62.09
Iran	68.99	38.61	63.47	77.98	40.68	71.64
Tunisia	54.81	37.13	41.64	50.87	47.88	48.13
Ghana	66.31	39.41	53.13	69.25	46.89	60.95
Angola	45.8	25.46	42.9	42.73	23.79	50.37
Uganda	56.43	27.11	44.82	56.64	33.5	48.2
Zambia	36.06	14.93	.	34.3	26.64	.
Portugal	62.53	49.61	51.64	85.22	61.18	66.6
Ireland	55.92	37.15	58.68	73.81	46.64	74.81
Iceland	44.16	26.07	.	64.37	39.25	.
Finland	15.59	7.28	32.18	35.51	25.2	40.84
Latvia	43.35	35.24	62.64	63.63	45.4	70.97
Montenegro	72.9	49.27	75.29	77.87	62.19	73.26
Croatia	63.77	43.26	53.17	88.07	50.38	63.5
Slovenia	16.78	21.65	47.26	33.82	39.71	60.2
Bosnia and Herzegovina	64.28	34.51	56.42	69.34	54.88	53.67
Macedonia	70.71	50	51.98	77.46	60.12	58.75
Guatemala	71.62	44.49	68.05	74	62.48	69.7
Costa Rica	60.49	25.12	50.35	80.53	26.09	38.43
Bolivia	43.86	18.12	52.15	46.59	27.2	52.53
Ecuador	66.64	23.17	64.46	72.64	32.48	63.12
Uruguay	27.37	11.34	23.96	43.86	14.68	26.58
Azores	73.2	65.41	65.43	84.44	73.49	69.13
Vanuatu	73.89	58.07	75.47	87.05	79.17	84.18
Trinidad & Tobago	43.68	21.23	52.46	64.97	32.85	54.17
Jamaica	74.74	57.27	62.42	82.26	60.74	63.4
Taiwan	69.83	37.51	62.47	86.22	55.81	74.18
Saudi Arabia	34.97	21.64	38.45	50.37	36.81	42.12
West Bank & Gaza Strip	42.01	34.35	35.38	68.26	50.08	60.18
Israel	60.38	21.08	54.61	72.89	37.55	63.45

Source: GEM APS 2010.

Table Four reveals that 67.0% of the Egyptian early stage entrepreneurs said that there are fewer business opportunities as a direct impact of the economic crisis, 45.49% indicating that starting a business now compared to one year ago is more difficult, while 34.49% believed that it is more difficult to grow a business. The impact of the crisis was more evident in the case of established businesses, 69.27% felt that there are fewer business opportunities, 53% believed that starting business is more

difficult while 48% said that growing a business is more difficult compared to last year. However, the impact of the economic crisis is obvious not only in Egypt, but in most of GEM 2010 countries.

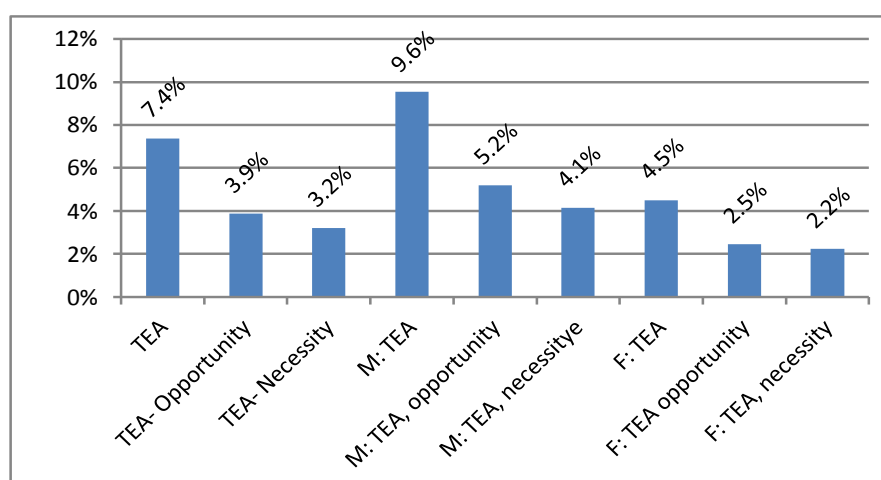
Demographics and Entrepreneurial Activity in Egypt

The TEA rates for Egypt were calculated for different gender, education, age and household income groups. The following sections present the results of this demographic analysis for early-stage entrepreneurs.

Gender and Entrepreneurial Activity

Both men and women in Egypt are involved in early stage entrepreneurial activities. Although their level of engagement is lower than expected⁹, men are more likely than women in Egypt to be engaged in early-stage entrepreneurial activity where the TEA rate for men is 9.5% and only 4.4% for adult women, compared to the average TEA rate of 7.0% (Figure 8). On an absolute basis, men make up around 66% of early-stage entrepreneurs in Egypt, and women comprise the remaining 34%. This is a significant increase in the percentage of women entrepreneurs in comparison to 2008, when women comprised less than 20% of all entrepreneurs in the country.

Figure 8. Opportunity and Necessity TEA Rates - Total, Male, Female - Egypt 2010



Source: GEM APS, 2010.

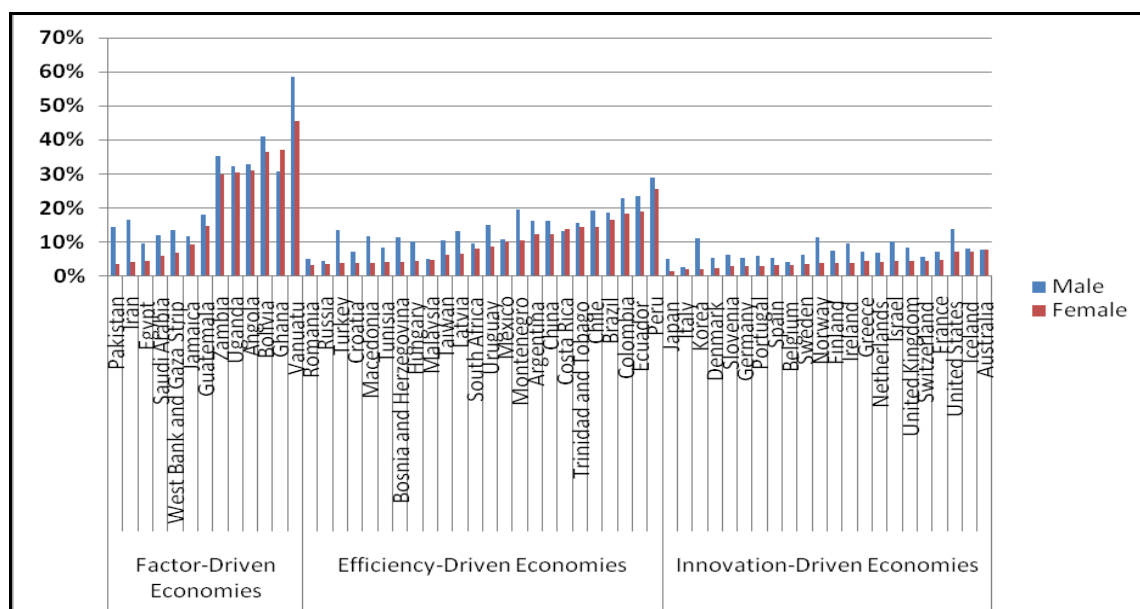
Note: M = Male; F = Female.

In Egypt, the main motive for men to become entrepreneurs is to pursue a market opportunity; although this is the main motive as well for women also, yet for two men starting a business to make use of unexploited business opportunity, there is only one woman. On the other hand, the ratio of opportunity to necessity motives indicates that necessity plays an important role in motivating women to become entrepreneurs more than men.

Across countries, a gender gap between male and female TEA rates exists (Figure 9). Except for Ghana and Costa Rica, men are more entrepreneurially active than women in the GEM 2010 countries. This gap exists for several reasons; for example, the cultural perception of women working and owning business and the fewer opportunities available for women to develop the experience needed to engage

in entrepreneurship. Relative to the other 58 GEM countries, Egypt is among the countries with the higher gender gap, where for every woman entrepreneur, there are about two men. However, this is consistent with other Middle Eastern countries participating in the GEM 2010 cycle.

Figure 9. Early-Stage Entrepreneurial Activity Rates by Gender - GEM Countries, 2010



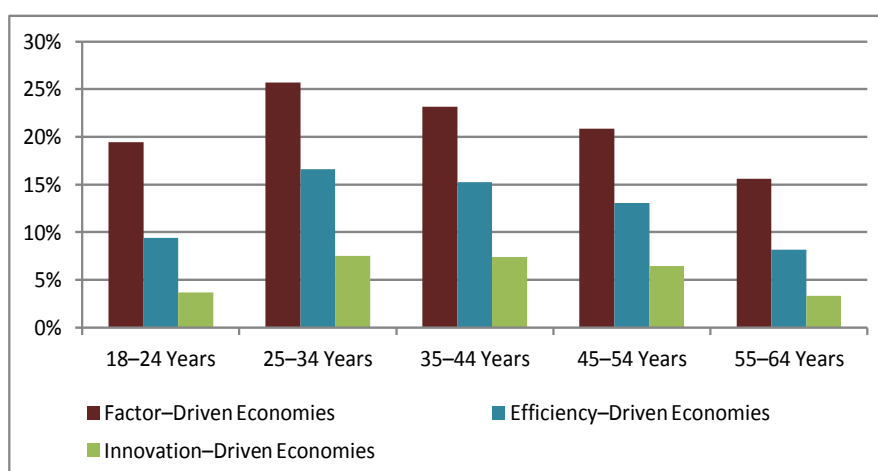
Source: GEM APS 2010.

In general, more women are entering into entrepreneurship in the Middle East. However, their rates are among the lowest worldwide and this can be attributed to many barriers facing them such as lack of financing, exclusion from male-dominated informal networks and the social attitude that business ownership is a male activity. Women in Egypt are no exception.

Age and Entrepreneurial Activity

Each year, many people globally, turn to entrepreneurship, despite of their age. A cross-national comparison of the GEM 2010 countries reveals that in each of the three economic development groups, the 25-34 age group contains a higher percentage of early stage entrepreneurs, followed by the 35-44 age group, then by the 45-54 age group, then by 18-24 age group; while the oldest (55-64) were the least prevalent (Figure 10). Whereas the age category of 25-34 in the factor-driven economies is the most entrepreneurially active across all age categories and levels of economic development, it is noticeable that there is an increase in rates of entrepreneurship among older adults.

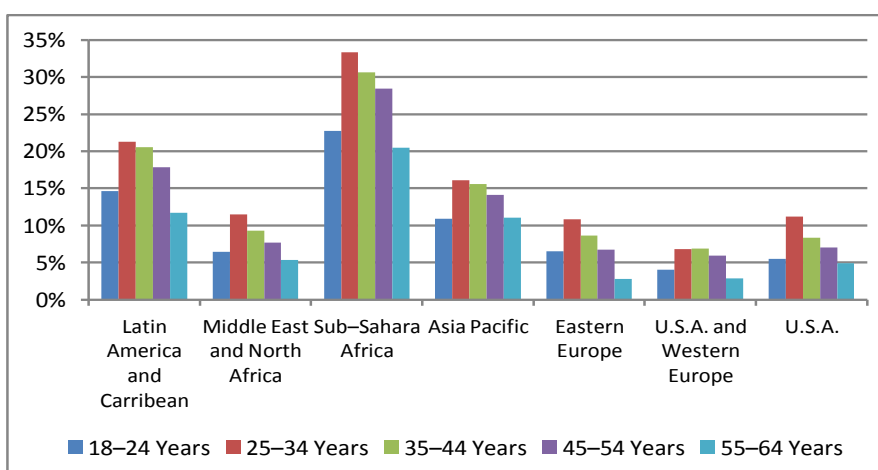
Figure 10. Early-Stage TEA Rates by Age Group and Phase of Development, 2010



Source: GEM APS 2010

This pattern is also seen across the different geographic regions (figure 11), with the age categories 25-34, 35-44 and 45-54 the most entrepreneurially active, respectively.

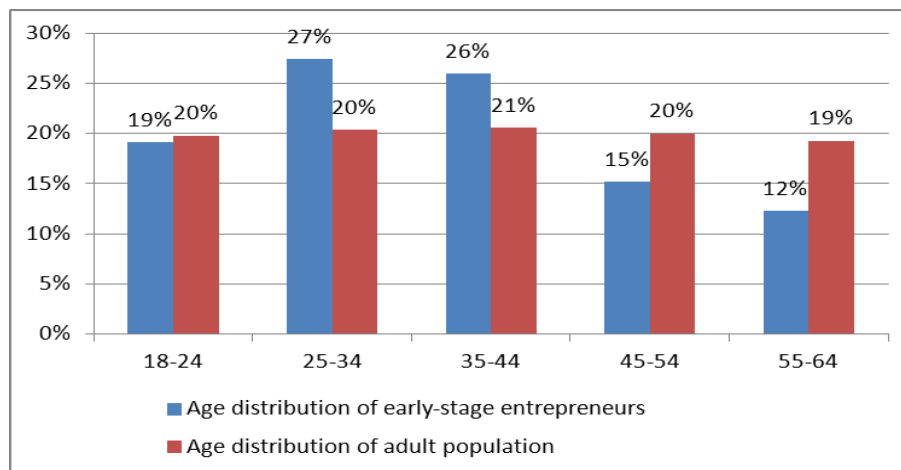
Figure 11. Early-Stage TEA Rates by Age Group and Geographic Region, 2010



Source: GEM APS 2010

In Egypt, the age group of 25-35 years old has the highest percentage of participation in the early stage entrepreneurial activity (Figure 12) with an average of 27%, followed by, with very slight difference, the 35-44 age group with an average of 26%. The 18-24 age group is ranked three in terms of its level of participation with an average of 19%, followed by the 45-54 and 55-64 age groups with 15% and 12%, respectively. In terms of actual numbers, over 50% of the early-stage Egyptian entrepreneurs are older than 25 but younger than 44 years old, though this age group represents slightly above 40% of the overall adult population. They are well represented in the 18-24 age group, as they represent 19%. On the other hand, they are under presented in the 45-54 and 55-64 age groups, as they represent 15% and 12% of total early-stage entrepreneurs, respectively.

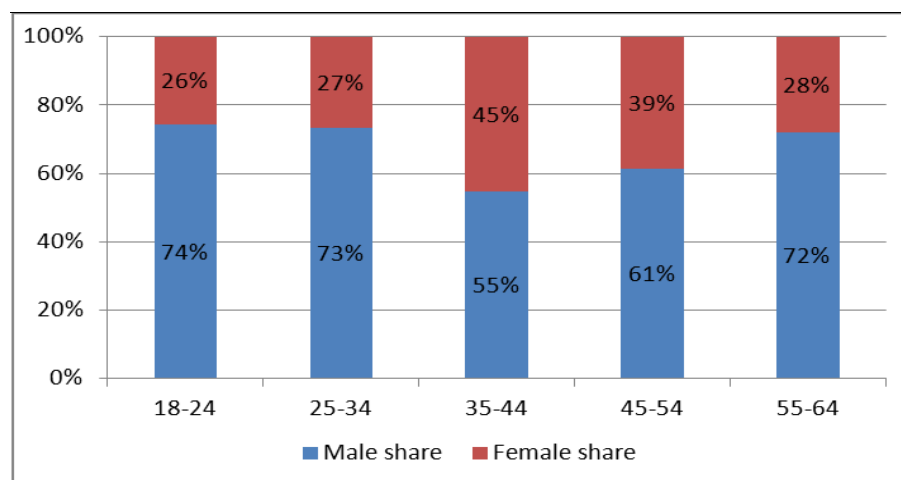
Figure 12. The Distribution of Early-Stage Entrepreneurs by Age Group - Egypt, 2010



Source: GEM APS 2010

Some gender differences can be noticed among the different age groups. Women's share of the actual number of entrepreneurially-active persons is lower than that of men in all groups (Figure 13). The female share of early-stage entrepreneurs is highest in the 35-44 age group; followed by the 45-54 age group. Male entrepreneurs comprise the biggest part of the young entrepreneurs and their share is higher in age groups of 18-24 and 25-34.

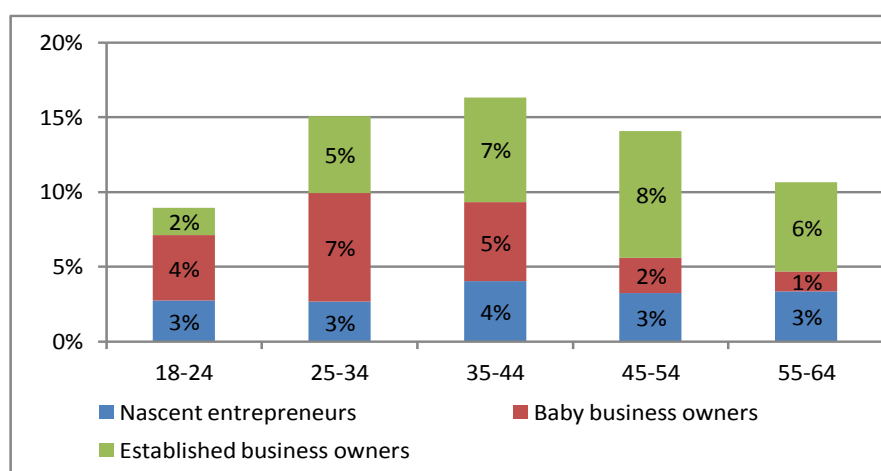
Figure 13. Male-Female Share of Early-Stage Entrepreneurs by Age Group – Egypt, 2010



Source: GEM APS 2010

The comparison between the pattern of entrepreneurial prevalence rates in the different age groups across the three phases of entrepreneurial activity, i.e. nascent entrepreneurs, owners of baby businesses and owners of established businesses (Figure 14) shows some differences. Nascent entrepreneurs have almost the same entrepreneurial prevalence rate (3%) in all age groups except in the 35-45 where the rate is 4%. While young business owners show different rates of involvement across the age groups. The highest rate is in the 25-34 age group, followed by the 35-44 where the prevalence rate is 7% and 5% respectively. The lowest involvement in entrepreneurial activity for the young business owners in the 55-64 age group (1%). The older the established business owners, the more they are participating in the entrepreneurial activities. The highest prevalence rate is among the 45-54 age group (8%) while the lowest rate is among the youngest age group (18-24), where the prevalence rate is 2% only.

Figure 14. Entrepreneurial Activity Rates by Age and Phase of Entrepreneurial Process – Egypt, 2010

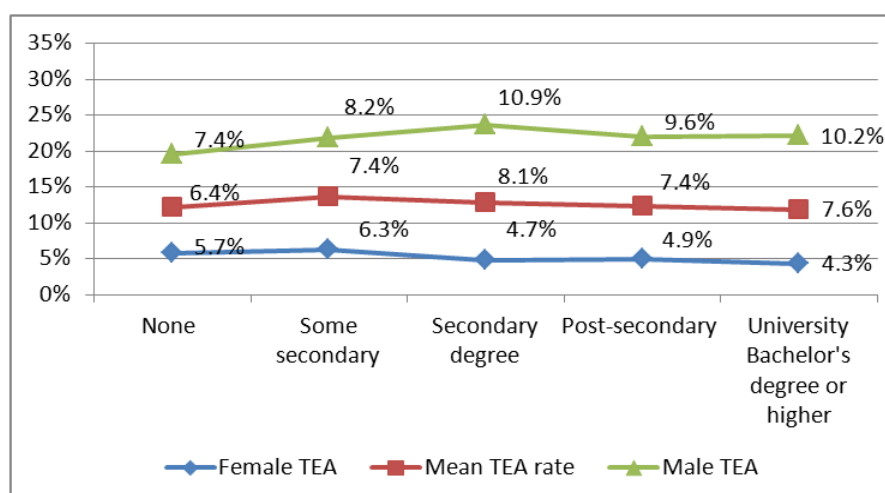


Source: GEM APS 2010

Education and Entrepreneurial Activity

In Egypt, adults participate in the entrepreneurial activities despite of their educational attainment. However, the TEA rates vary according to the level of completed education, although there is no significant disparity. In general, the TEA rate is lowest among adults who have not received education “none” and highest among those who completed their secondary education (6.4% and 8.1% respectively) (Figure 15). The second highest TEA rate is for university bachelor’s degree holders or higher (7.6%), followed directly by adults who acquired some and post-secondary education, with a rate of 7.4% for both groups. The TEA rates for men and women exhibit different patterns. The highest TEA rate for men is found in the group with “secondary” education (10.9%) followed by the group who holds a university bachelor’s degree or higher, with a TEA rate of 10.2%. The lowest TEA rate is found in the group who did not receive education (none). In case of Egyptian adult women, the highest TEA rate is found in the group with “some secondary education” (6.3%) while women with university bachelor’s degree or higher are the least entrepreneurial active with TEA rate of 4.3%.

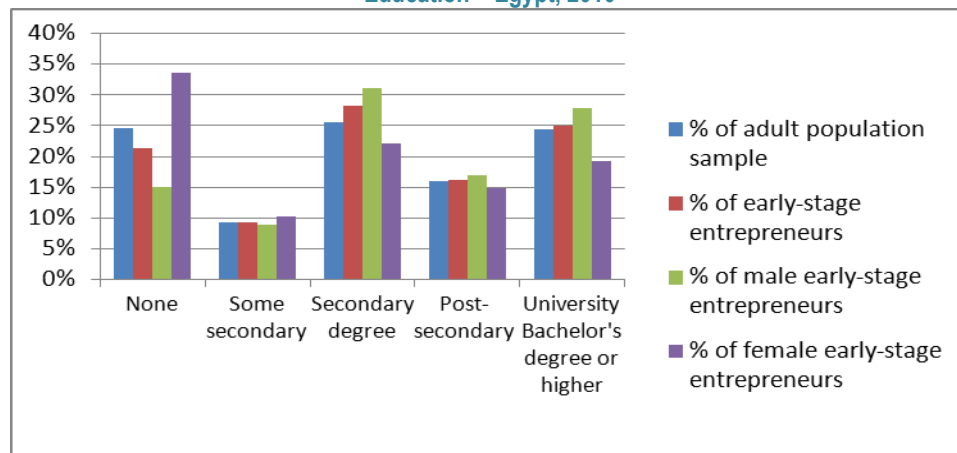
Figure 15. TEA Prevalence Rates by Education and Gender – Egypt, 2010



Source: GEM APS 2010

Looking at the distribution of the adult population and early-stage entrepreneurs by the level of completed education and gender, it is noticeable that women entrepreneurs who did not receive education make up almost 35% of women early-stage entrepreneurs (figure16) making it the most populous group, while the most populous group among early-stage male entrepreneurs is the completed secondary education who comprise slightly higher than 30%. On the other hand, Egyptian adults and early stage entrepreneurs, whether men or women, who have attained some secondary education have the lowest share among all groups, nearly 10%.

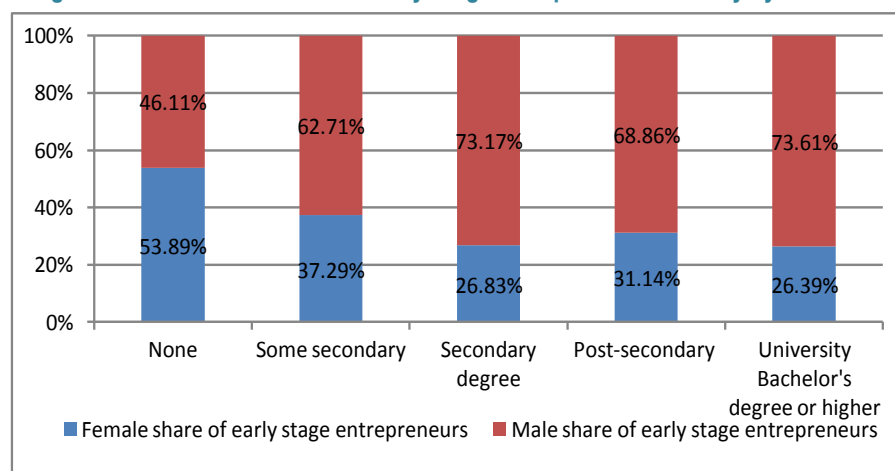
Figure 16. Distribution of Adult Population and Early-Stage Entrepreneurs by Level of Completed Education – Egypt, 2010



Source: GEM APS 2010

Women's share of early-stage entrepreneurs is highest in the groups with the low levels of education (Figure 17), indicating that the lower the level of educational attainment of women, the more the likelihood of them being involved in entrepreneurial activities as a way to secure themselves and support their families, especially that the highest unemployment rate was concentrated among young people with intermediate educational attainment¹⁰. The reverse pattern can be observed among male early entrepreneurs. Men's participation in entrepreneurial activities increases with the level of educational attainment. The highest share of early stage entrepreneurs is in the group of university bachelor's degree or higher, while the lowest is among the men who did not receive education (none).

Figure 17. Male-Female Share of Early-Stage Entrepreneurial Activity by Education

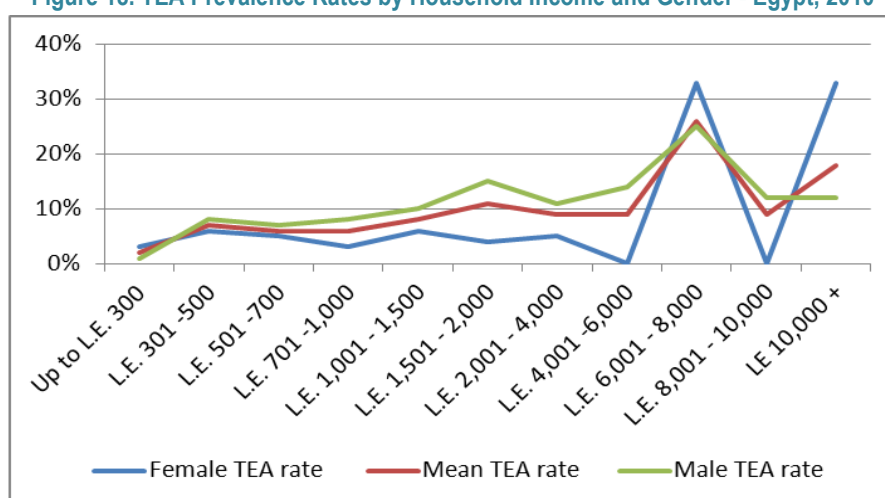


Source: GEM APS 2010

Household Income and Entrepreneurial Activity

Egyptian adults were asked about their household income, which is a measure of the combined incomes of all people sharing a particular household, to identify which groups are more entrepreneurially active. The early stage entrepreneurial activity prevalence rate varies by household income groups, but generally rises with increases in annual household income. The TEA rate is the highest among adults in households with annual income of EGP 6,001-8,000 and it is lowest among adults living in the lowest households with an income of up to EGP 300 (Figure 18). This appears to be the case for men, while the TEA pattern for women is rather different, although the highest TEA for men and women is for the households with an income of EGP 6,001-8000. For the high income households (EGP 10,000 and above) women are more entrepreneurially active than men, whereas the TEA rate for women is almost 32%. The TEA for men is 12%. Again, this pattern of women's higher involvement than men can be noticed at the lowest level of household income,

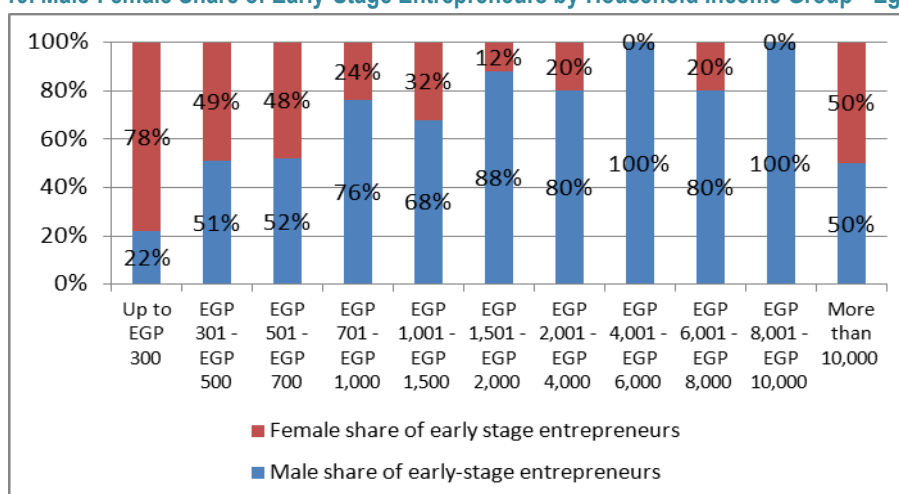
Figure 18. TEA Prevalence Rates by Household Income and Gender - Egypt, 2010



Source: GEM APS 2010

Women's share of early-stage entrepreneurs is higher in the low annual household income groups (Figure 19), while men's share is higher in the high annual household income groups. However, at the highest household income group, more than EGP 10,000, the share of both men and women is equal.

Figure 19. Male-Female Share of Early-Stage Entrepreneurs by Household Income Group - Egypt, 2010

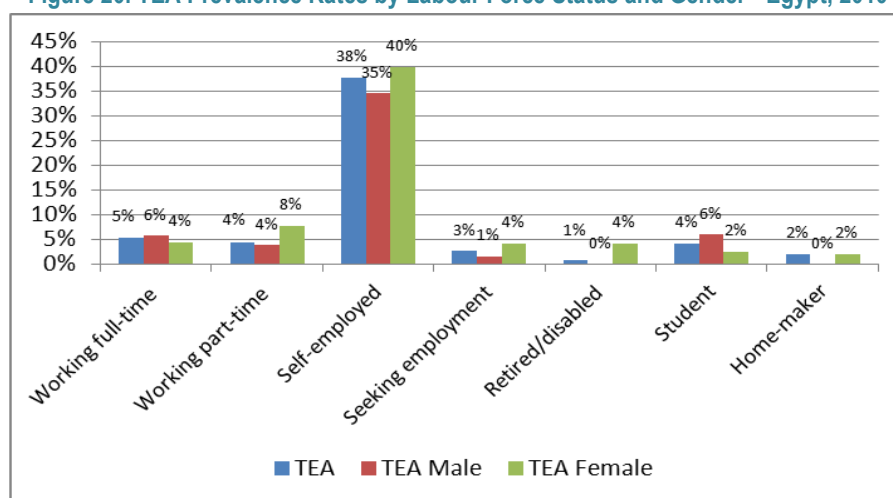


Source: GEM APS 2010

Labour Force Status and Entrepreneurial Activity

Entrepreneurial activity rates in Egypt were calculated for the different types of attachment to the labour force (Figure 20). On this aspect, the highest TEA rates are in the “self-employed” group, while the highest prevalence rate is for the self-employed women. Almost 40% of women who are self-employed indicated that they are engaged in entrepreneurial activities, either through pulling together the various resources to start their business or already started a young business, compared to 35% for men in the same group. The TEA rates for the rest of employment engagement statuses are very low. In some categories, (e.g. retired/disabled and home-maker), men are not involved in any early-stage entrepreneurial activities.

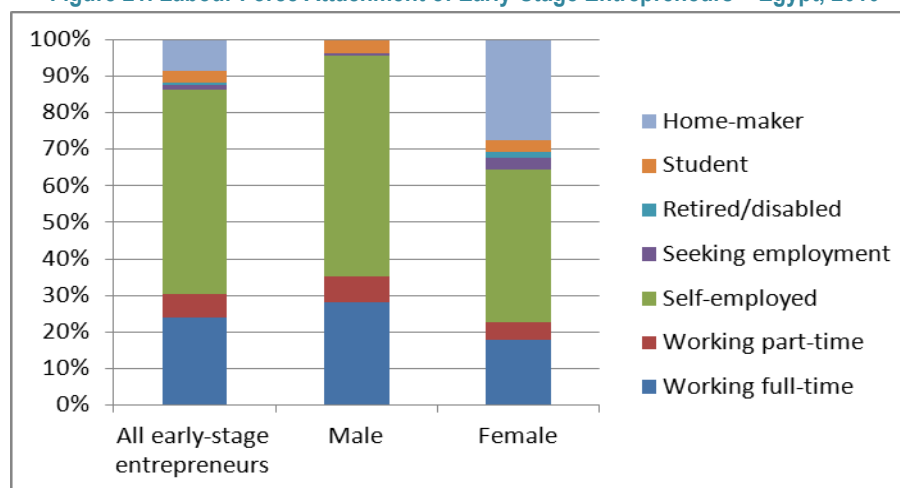
Figure 20. TEA Prevalence Rates by Labour Force Status and Gender - Egypt, 2010



Source: GEM APS 2010

Looking at the distribution of early-stage entrepreneurs by labour force status (Figure 21) reveals that almost half of the early-stage entrepreneurs are self-employed. Although the TEA rate for men and women who are working full time is very low, they make up to 28% and 18% (respectively) of early-stage entrepreneurs. Women home-makers and female students have a very low TEA rate (2%), yet they make up more than one quarter of women early-stage entrepreneurs. The rest of categories have low TEA rates and a low share of early stage entrepreneurs, a pattern noticed among men and women as well.

Figure 21. Labour Force Attachment of Early-Stage Entrepreneurs – Egypt, 2010

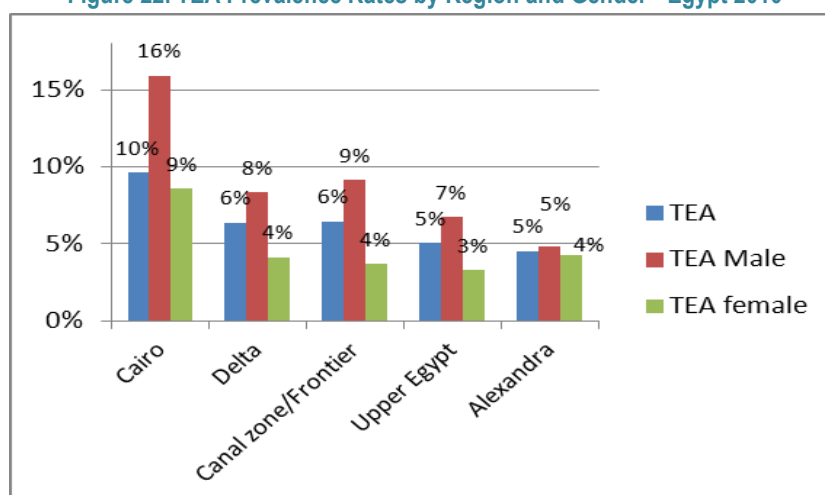


Source: GEM APS 2010

Regional Variations and Entrepreneurial Activity

Adults in the main governorates in Egypt are involved in entrepreneurial activity, but with some differences (Figure 22). The highest prevalence rate is found in Cairo (9.62%) while the lowest rate is in Alexandria (4.55%). Men and women living in Cairo are the most entrepreneurially active compared to the rest of the regions in Egypt. The lowest participation in entrepreneurship is in Alexandria.

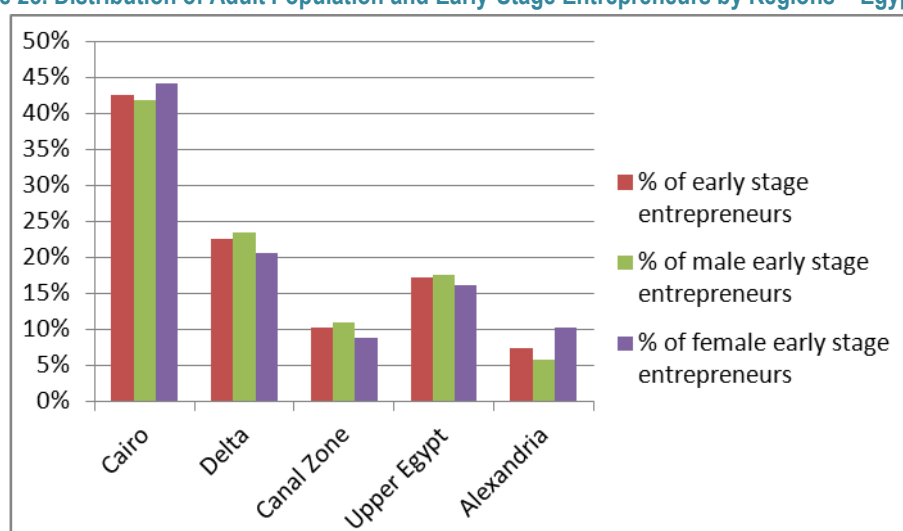
Figure 22. TEA Prevalence Rates by Region and Gender - Egypt 2010



Source: GEM APS 2010

Looking at the distribution of the early-stage entrepreneurs by region and gender, it is noticeable that Cairo accounts for the majority of men and women early-stage entrepreneurs (figure 23) followed by the Delta region.

Figure 23. Distribution of Adult Population and Early-Stage Entrepreneurs by Regions – Egypt, 2010



Source: GEM APS 2010

Characteristics of the Early-Stage Enterprises

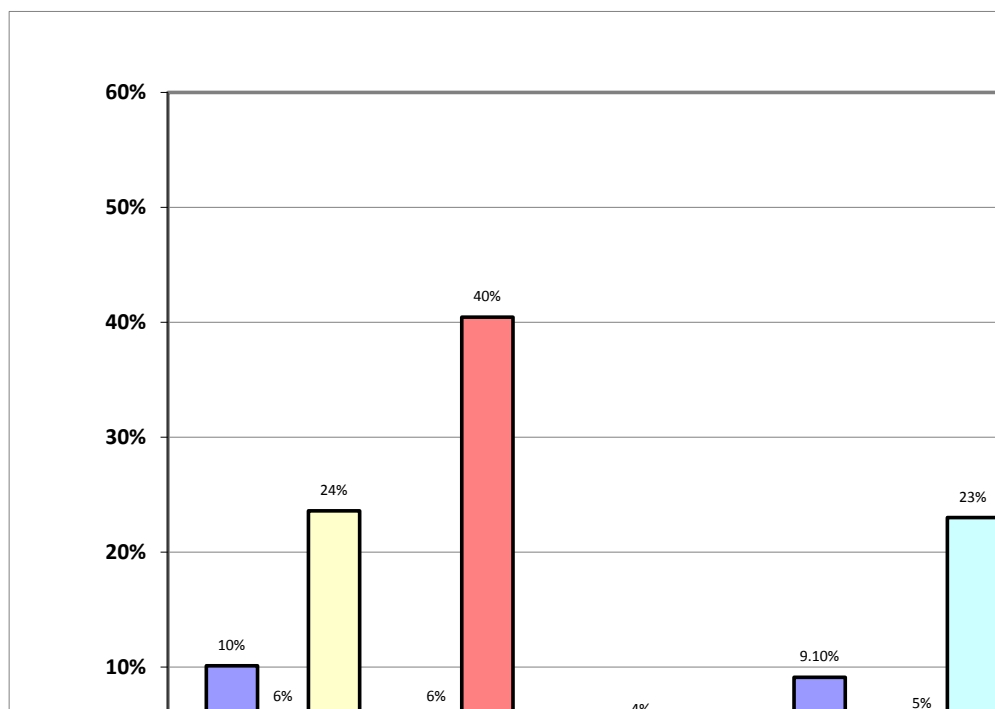
In order to complete the profiling of Egyptian early-stage entrepreneurs, whether in the process of starting a business or already started and managing the young business, we must highlight the major characteristics of their enterprises. Early-stage enterprises refer to nascent enterprises that are either less than three months old or in the process of being launched and baby enterprises that are older than three months but less than 42 months. This section presents findings on enterprise sectors, employment prospects, levels of start-up capital, exports orientation, innovation aspects, and growth expectations (including for high-growth enterprises). Some comparisons are made with established enterprises that are more than 42 months old.

Enterprise Sectors

Although the sectors of operation differ across the three types of businesses (nascent, baby and established), they are all dominant in the retail trade, hotels and restaurants (Figure 24). This is believed to be due to the large and youthful population, the emergence of a more affluent middle class, an active tourism industry, and the entry of more women to the workforce¹¹ and low barriers to entry.

In the case of nascent enterprises, they are more likely to be in the manufacturing sector than baby businesses and established businesses. However, they are also less dominant in the remaining sectors and in sectors like financial intermediation and real estate activities they are not planning to operate.

Figure 24. Sector Distribution of Early-Stage and Established Businesses - Egypt, 2010



Source: APS, 2010.

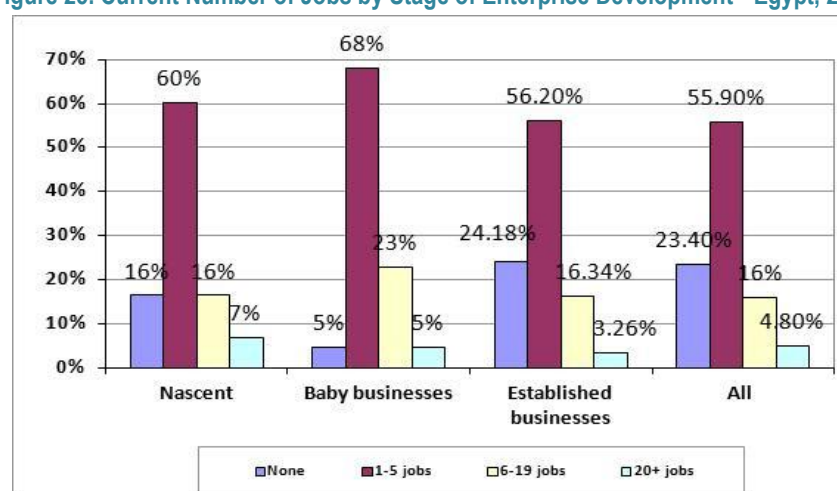
Baby businesses also have a different sector profile than nascent and established businesses, with a higher percentage in the utilisation, transport, storage & communications sectors. They are also present in the agricultural, forestry, hunting and fishing sector and government, health, education and social

services sectors. Baby business owners tend not to start their enterprises in sectors like wholesale trade; mining and construction, business services and personal consumer service activities, whereas established businesses are existent in these sectors.

Employment Prospects

The majority of early-stage and established businesses in Egypt are small-sized enterprises (Figure 25). Whereas 68% of baby enterprises have 1-5 jobs, only 5% have 20+ jobs. This pattern can be seen in nascent enterprises, 60% have 1-5 jobs and 7% only have 20+ jobs. On the other hand, 16% and 5% of nascent enterprises and baby enterprises, respectively, have no workers except the business owner, compared 23% of established enterprises.

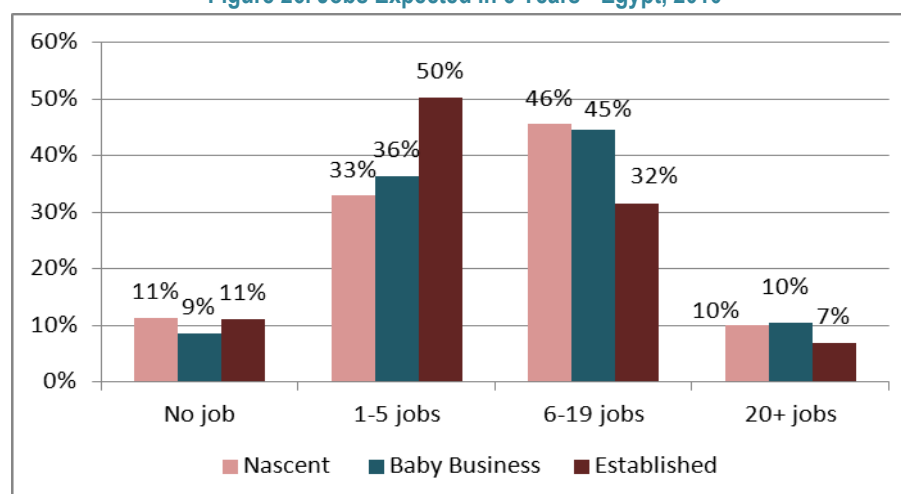
Figure 25. Current Number of Jobs by Stage of Enterprise Development - Egypt, 2010



Source: APS, 2010.

However, within five years, the entrepreneurs involved in these enterprises plan to increase their employment base, 46% and 45% of nascent enterprises and baby enterprises (respectively) plan to add 6-19 jobs compared to 32% of established businesses.

Figure 26. Jobs Expected in 5 Years - Egypt, 2010



Source: APS, 2010.

The percentage of businesses that plan to remain micro, with no jobs, is a small percentage compared to the enterprises that plan to create more jobs. However, only 20% of the early-stage enterprises plan to create more than 20 jobs in the coming 5 years. This indicates that the Egyptian early-stage entrepreneurs prefer to remain small.

Start-up Capital and Requirements

Start-up capital is the money needed to launch a business and includes costs associated with everything essential for bringing the idea to the market. Securing the required amount of money to launch the business is one of the main obstacles facing entrepreneurs, especially nascent entrepreneurs. The start-up capital required can be provided either by oneself, external resources or combined. In Egypt, 49% of nascent entrepreneurs said they will totally finance their start-ups themselves, while 51% said they will seek external funding.

The median start-up money required to start an Egyptian nascent enterprises is EGP 43,750. Most of these new start-ups are small, whereas less than twenty five percent of nascent enterprises require more than EGP 50,000 of start-up capital (Table Five) while more than fifty percent require less than EGP 10,000 to start-up their businesses. While the median investment expected to be made by nascent entrepreneurs from their own resources is EGP 13,5000 and from others the median is EGP 6,667.

While 60% of nascent entrepreneurs will be investing EGP 15-5000 of their own money in the start-up capital, fifty percent of them will be requesting funds from others for this same amount of money. It is noticeable that the more money required supplementing the start-up capital, the more likely the nascent entrepreneurs will need external sources of financing.

Table 5. Start-up Money for Nascent Enterprises – Egypt, 2008

Start-up money size groups	Percentage of nascents with total start-up needs per size group	Average amount of start-up money per size group	Nascents investing only their own money per size group	Average amount of nascents' own start-up money per size group	Nascents requiring start-up money from others per size group	Average start-up money needed from others per size category
EGP 15 - EGP 5,000	36%	EGP 3,325	60.00%	EGP 2,166	50.0%	EGP 2,693
EGP 5,001 – EGP 10,000	18.03%	EGP 9,280	8.00%	EGP 10,000	21.4%	EGP 6,667
EGP 10,001 - EGP 20,000	16.39%	EGP 17,200	8.00%	EGP 13,500	0.0%	0
EGP 20,001 - EGP 50,000	6.56%	EGP 43,750	12.00%	EGP 39,333	7.1%	EGP 25,000
EGP 50,001 - EGP 200,000	11.48%	EGP 133,200	0.00%	0	14.3%	EGP 100,000
EGP 200,001 - EGP 500,000	4.92%	EGP 483,500	8.00%	EGP 375,000	7.1%	EGP 500,000
EGP 500,001 - EGP 14 million	6.56%	EGP 4.1 million	4.00%	EGP 1.0 million	0.0%	0
Median start-up money needed		EGP 43,750		EGP 13,500		EGP 6,667

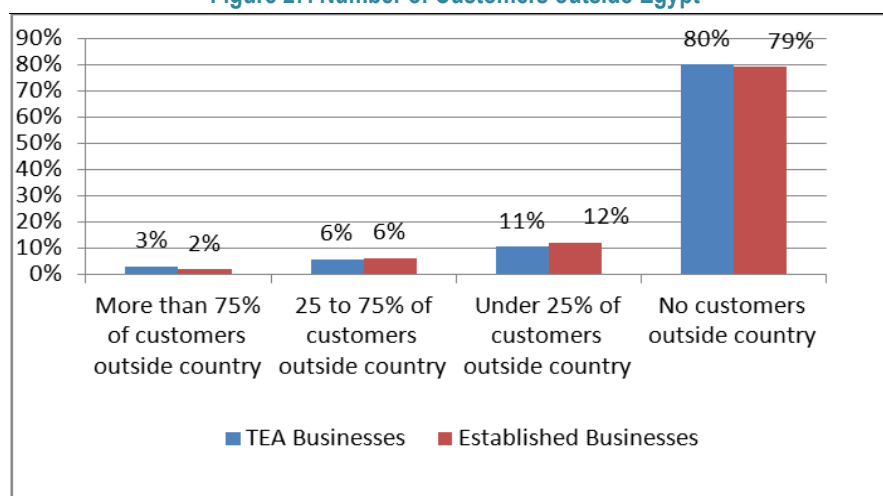
Enterprises owned by male nascent entrepreneurs require higher start-up capital compared to those owned by women nascent entrepreneurs. Whereas 65% of the funds required by women to setup their nascent businesses is EGP 5000 or less, it is 18% for men-owned enterprises, indicating that women owned enterprises are less capital intensive than those owned by men. On the other hand, 57% of women plan to invest their own money in their businesses, compared to 43% of men who plan to make this investment.

Export Orientation

An export-oriented company is one which produces goods mainly for exports, or has a customer base outside the country. When the Egyptian business owners were asked about their export orientation, the majority of entrepreneurs, both early-stage entrepreneurs and established business owners, indicated that they do not export to, and have no customers, outside of Egypt (Figure 27), 80% and 79%, respectively, said that all of their customers are in the country.

The remaining 20% of early stage entrepreneurs said they export and have customers outside Egypt, of which 3% said that more than 75% of customers are out of the country and 11% who said that less than 25% of their customers are outside the country. The export propensity of both early-stage entrepreneurs and established is almost the same.

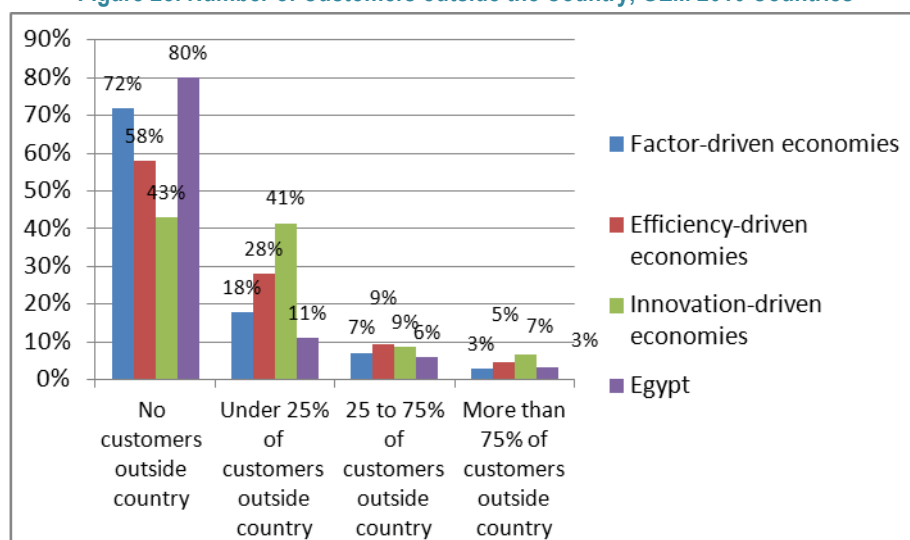
Figure 27. Number of Customers outside Egypt



Source: APS, 2010.

Comparing Egypt with the rest of the GEM 2010 countries, it is noticeable that early-stage entrepreneurs in all economies depend primarily on a local customer base, but this percentage is higher in the factor-driven economies (Figure 28). Egypt's share of early-stage entrepreneurs with no out-of-country customers is higher than the other factor-driven economies (80% compared to 72%). However, the proportion of those who do have more than 25% of their customers living outside the country is the same in Egypt and the rest of factor-driven economies, however, this proportion in the efficiency-driven economies and innovation-driven economies is only slightly higher.

Figure 28. Number of Customers outside the Country, GEM 2010 Countries



Source: APS, 2010.

Innovation and Growth Expectations

It is believed that innovation is the tool for entrepreneurs to create wealth, while identifying and aligning the resources necessary to drive growth. Thus GEM was interested to highlight the innovation-orientation and growth expectations of entrepreneurs in the GEM 2010 cycle countries, regardless of their level of economic development. Innovation was measured by the degree of newness of products, markets and technology, while growth expectations focused on the number of jobs expected and market expansion mode.

Table Six compares Egypt to other GEM countries on a number of dimensions related to innovation and the growth expectations of early-stage entrepreneurs. Only 0.71% of Egypt's early-stage entrepreneurs expect to create more than 10 jobs in five years. Although the percentage is low, the figures for the rest of countries despite their level of economic development are low also, indicating that this is the pattern.

Nevertheless, Egypt performs much less well compared to the countries of the same level of economic development in terms of the percentage of TEA enterprises that are based on new product market combinations, where it is placed among the countries in the bottom of the list. Only 1.04% of TEA enterprises in Egypt are in the medium to high tech sectors, and this places Egypt among the countries at the bottom of the list of all the GEM 2010 countries.

Early-stage TEA businesses have slightly different characteristics than Egyptian enterprises that have been established for more than 42 months (Table 7). A higher percentage of early-stage TEA businesses are planning to undertake market expansion based on new technologies; are using technologies that are less than one-year old; are in the medium to high-tech sectors; show indications of new product market combinations; and are competing in markets with few or no competitors with the same product. On the other hand, established businesses are more likely to have customers who consider their products new or unfamiliar. Overall, the vast majority of all Egyptian businesses are not particularly technology-oriented or differentiated in their product market combinations.

Table 6. Innovation and Growth Expectations of TEA Businesses

Country	Involved in TEA, expects more than 19 jobs in 5 years	TEA: Expected job growth > =10 persons and > =50 percent, in 5 years	TEA: new product market combination	TEA: Technology sector (medium high and high-tech sectors)
	% of all 18-64	% of TEA	% of TEA	% of TEA
Stage 1: factor driven economies				
Guatemala		7.32	0.39	
Bolivia	25.29	1.42	15.99	0.9
Vanuatu	31.2	0.33	34.88	3.76
Jamaica	6.96	0.49	12.35	1.91
Saudi Arabia	9.33	2.1	15.44	1.52
West Bank & Gaza Strip	10.02	0.23	32.79	2.87
Egypt	6.23	0.71	14.64	1.04
Pakistan	5.01	0.1	32.08	1.25
Iran	7.94	0.77	14.41	3.07
Ghana	23.34	1.21	16.12	0
Angola	24.25	1.34	15.76	1.52
Uganda	22.31	0.91	19.03	0.69
Zambia	24.11	0.69	16.68	2.16
Stage 2: efficiency driven economies				
Latvia	7.19	1.71	32.79	4.67
Montenegro	11.54	0.73	18.31	2.03
Croatia	4.18	0.68	20.37	12.41
Bosnia and Herzegovina	5.16	0.04	29.62	1.7
Macedonia	6.5	1.08	26.16	3.61
Costa Rica	11.15	0.36	24.63	0
Ecuador	13.99	0.58	17.06	1.93
Uruguay	9.44	1.42	31.63	4.19
Trinidad & Tobago	9.23	0.82	9.66	4.4
Taiwan	6.52	1.77	26.45	6.81
Russia	2.4	0.41	13.86	4.85
South Africa	7.25	1.39	35.67	1.61
Hungary	5.88	0.92	16.55	11.06
Romania	2.73	0.48	22.38	1.42
Peru	21.14	1.42	41.18	1.63
Mexico	6.88	0.07	22.82	1.17
Argentina	10.14	0.63	25.06	4.03
Brazil	9.36	1.12	10.29	5.99
Chile	14.39	1.85	51.65	4.32
Colombia	15.75	2.12	26.11	3.1
Malaysia	3.87	0.07	7.98	2.21
China	13.37	1.94	14.42	0.58
Turkey	7.88	1.5	26.37	2.6
Tunisia	3.74	0.39	12.38	0.83
Stage 3: innovation driven				
Iceland	8.36	1.37	37.16	10.88
Finland	2.97	0.36	18.17	8.47
Slovenia	3.44	0.57	31.71	15.72
Azores	2.99	0.4	24.88	7.31
Israel	4.51	1.03	24.39	3.13
United States	5.71	1.16	27.85	10.37
Greece	4.56	0.19	34.83	4.99
Netherlands	5.34	0.93	23.07	13.34

Belgium	2.77	0.25	25.31	8.13
France	4.51	0.57	33.8	5.09
Spain	2.82	0.15	18.29	9.38
Italy	1.65	0.06	22.2	7.78
Switzerland	3.5	0.39	29.7	6
United Kingdom	4.17	0.64	23.46	11.58
Denmark	3.33	0.2	45.46	6.65
Sweden	3.76	0.51	29.93	9.23
Norway	5.58	0.99	30.54	1.94
Germany	2.79	0.38	25.57	10.21
Australia	5.86	0.73	27.72	15.82
Japan	2.75	0.38	19.31	4.02
Korea	5.34	0.82	12.13	3.68
Portugal	3.11	0.31	19.63	4.59
Ireland	5.2	0.92	36.75	9.47

The comparison between the early-stage businesses and established businesses reveals that the former are more innovation oriented (Table 7). More early-stage TEA businesses are planning to undertake market expansion based on new technologies; have customers who consider their products new or unfamiliar; are using technologies that are less than one-year old; show indications of new product market combinations; and are competing in markets with few or no competitors with the same product. Generally, the vast majority of all Egyptian businesses are not particularly technology-oriented or differentiated in their product market combinations.

Table 7. TEA and Established Businesses on Expansion, Innovation and Competitiveness – Egypt, 2010

	TEA businesses (%)	Established businesses (%)
Market expansion mode		
No market expansion	56%	75%
Some market expansion (no new technologies)	23%	15%
Some market expansion (new technologies)	20%	10%
Profound market expansion	1%	0%
Innovation		
Number of (potential) customers who consider products new/unfamiliar		
All	10%	6%
Some	31%	31%
None	59%	63%
Use of technologies that were available more than a year ago		
Very latest technology (newer than one year)	21%	10%
New technology (1-5 years old)	26%	22%
No new technology (more than 5 years old)	53%	68%
Technology level of the sector		
No or low technologies	99%	99%
Medium-tech	1%	1%
High-tech	0%	1%
New product market combination		
No indication	79%	90%
Indication	21%	10%
Competition - Other businesses offering the same products		
Many	66%	76%
Few	28%	18%

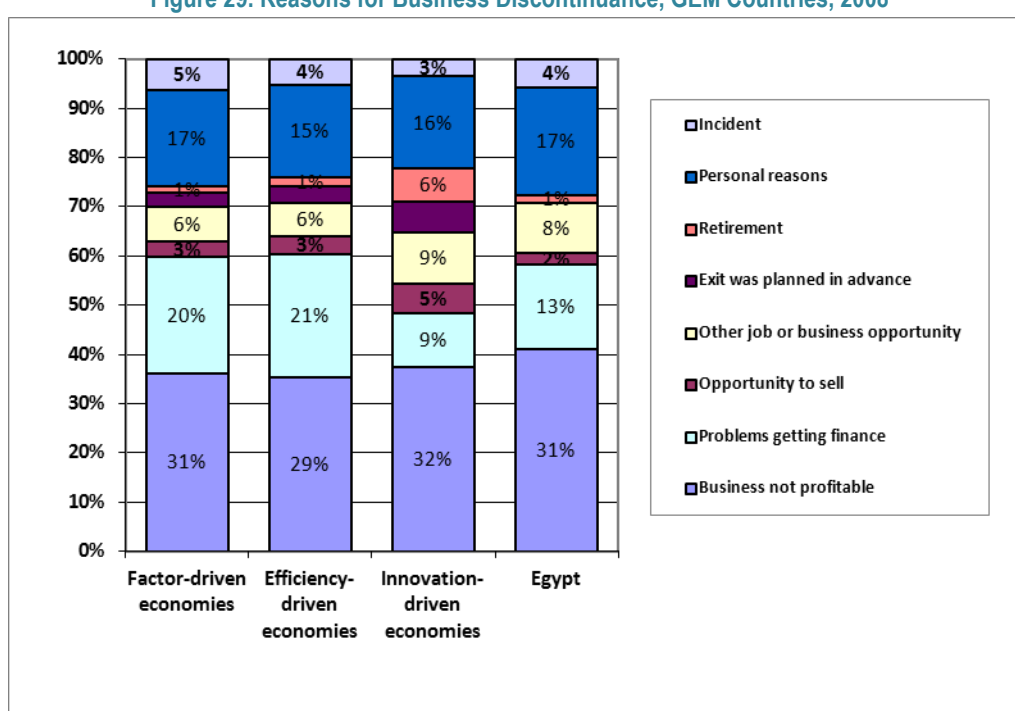
Business Discontinuances

Business discontinuance is described as a business's act of discontinuing its business processes either permanently or temporarily. It is an indicator of entrepreneurial dynamism in any economy. Hence GEM attempted to identify the rate of discontinuances and reasons leading to this action. Respondents were asked if they have owned a business in the past in which they are no longer active, why they made the decision to discontinue their involvement in the business as well as whether that business is still active or not. The business discontinuance rates for GEM countries were presented in Table 1 (page 7).

Of the Egyptian adult population having owned an enterprise, only 3.8% are no longer active, placing Egypt among the countries with a low discontinuance rate. Compared to the 2008 GEM cycle, the rate of business discontinuous is lower. However, only 1.3% of businesses continued after the business owner discontinued the business. Eight percent of the adults who were currently involved in entrepreneurial activity indicated that they had discontinued with a business in the previous 12 months. Only 2.4% indicated that the business continued with a different owner-manager.

The main reason for exiting from the business, not only in Egypt but also the rest of GEM 2010 countries, was because it was not profitable. Other main reasons, again common in all countries are personal reasons and problems in getting finance.

Figure 29. Reasons for Business Discontinuance, GEM Countries, 2008



Source: APS, 2010.

Part III: National Expert Survey (NES) Findings - Entrepreneurial Framework Conditions

The GEM model (Figure 1) recognizes that entrepreneurial activity in any country, despite its level of economic development, is influenced by the specifics of the national political, social, cultural and economic environment within that country. Nevertheless, the features that are expected to have a significant impact on the entrepreneurial sector are captured in the nine Entrepreneurial Framework Conditions or EFCs. These conditions can either foster or constrain entrepreneurial activity and its development.

In 2010, 53 countries participating in the GEM project conducted the National Experts Survey (NES). In the NES, a minimum of 36 professionals (four experts from each of the entrepreneurial framework condition categories with a minimum of 25% must be entrepreneurs or business people, and 50% must be professionals) were asked to comment on the strength of factors related to the nine EFCs in their respective countries by indicating their level of agreement with the accuracy of 52 statements using a Likert scale from 1-5 with 1 indicating the statement was completely False and 5 indicating the statement was completely True. They also provided their perception regarding a number of other factors, including the start-up abilities and knowledge of people in the country, the social image of entrepreneurs, the state of intellectual property rights, support to start-ups by women, the attention paid to high-growth firms, and the level of interest in innovation. Finally they were asked to state three issues or factors constraining entrepreneurial activity in the country, three that are fostering it, and three recommendations to improve it.

This section presents the different aspects of the national context expected to enhance entrepreneurial activity in Egypt. This is examined through cross-country comparison to show where Egypt is ranked compared to the rest of countries and then the state of perceptions of each of these conditions.

Expert's Perceptions of the Strength of Entrepreneurial Framework Conditions

A cross-national comparison of NES responses reveals variations in the perceived strengths and weaknesses of the nine EFCs in the 53 countries participating in GEM 2010. The mean scores for Egypt are summarised in Table ..., along with its rankings among GEM countries. The mean scores for 2008 are also presented to identify the changes between the two cycles.

Table 6. Summary of Egypt's Relative Performance in Assessment of EFCs

Entrepreneurial Framework Condition	Mean score for Egypt	Rank (of 53 countries)	Mean score Variation from 2008
1. Financial Support	2.4	29	2.27 ↑
2. Government Policies	2.2	23	2.71 ↓
3. Government Programs	2.12	14	2.19 ↓
4. Education and Training	1.72	53	1.79 ↓
5. Research and Development (R&D) Transfer	1.83	50	1.65 ↑
6. Commercial & Professional Services Infrastructure	2.64	44	2.68 ↓
7. Internal Market Openness			
Internal market dynamics	3.36	13	3.57 ↓
Internal market burden	2.21	43	2.47 ↓
8. Physical Infrastructure	3.62	26	3.82 ↓
9. Cultural and Social Norms	2.1	52	2.40 ↓

Note: Mean scores are based on scale of 1 to 5.

Comparing the mean score of each of the framework conditions of 2010 to 2008 shows a decline in the strength of 7 out of 9 of EFCs in supporting entrepreneurship in Egypt, except for financial support and R&D transfer.

The remainder of this section presents and analyses the responses from the 36 Egyptian experts and compares the overall results with those of expert assessments in the other participating GEM countries.

1. Financial Support

GEM defines financial support by the availability of financial resources— equity and debt—for small and medium enterprises (SMEs) (including grants and subsidies). This EFC has been measured using six survey items (Box 1).

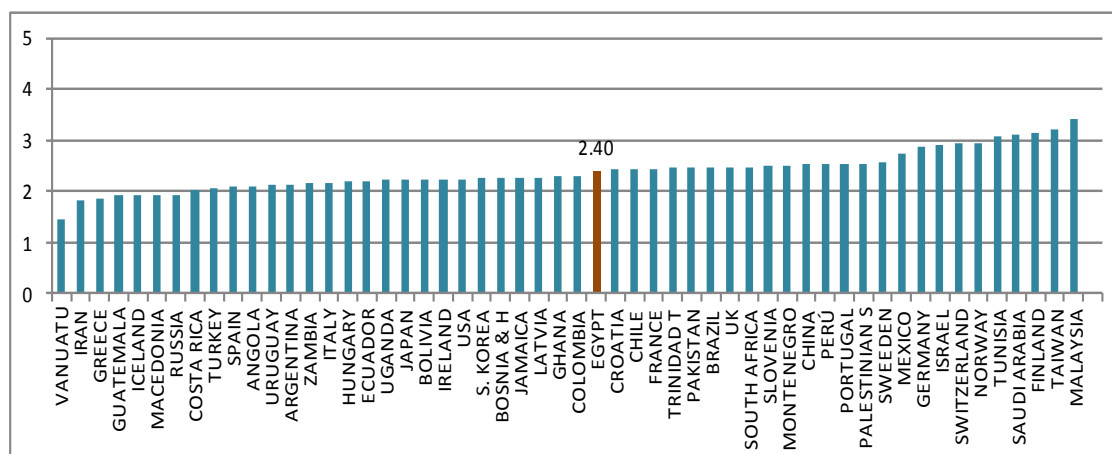
Experts in all of the countries expressed the view that the level of funding availability for the new and growing firms in their countries is insufficient (Figure30), indicating that this EFC is weak in supporting entrepreneurship in their respective countries. The assessment of the adequacy of the financial support according to Egyptian experts puts Egypt in the middle as it is ranked 27th with a mean of 2.4.

Box 1. Financial Support

In my country, there is:

1. sufficient equity funding available for new and growing firms.
2. sufficient debt funding available for new and growing firms.
3. sufficient government subsidies available for new and growing firms.
4. sufficient funding available from private individuals (other than founders) for new and growing firms.
5. sufficient venture capitalist funding available for new and growing firms.
6. sufficient funding available through initial public offerings (IPOs) for new and growing firms.

Figure 30. Financial Support – Cross-National Comparison



Note: Based on the average for experts' responses in each country.

Although it became prevalent that entrepreneurship contributes significantly to job creation, social stability and economic growth, yet, entrepreneurs worldwide continue to encounter a major impediment which is finance. In Egypt, entrepreneurs are faced by many obstacles, one of which is access to finance, whether establishing a new venture or growing one.

According to the experts, venture capital funding (a type of private equity capital typically provided to early-stage, high-potential, growth companies) and equity funding (which is trading a percentage of a business for a specific amount of money) is not sufficiently available to new and growing firms (Figure 30), with the lowest mean response scores for this set of items (2.07 and 2.53 respectively). The Venture Capital/Private Equity Industry in Egypt is still in its early stages with 17 Egyptian registered VC firms¹². This is because of the legal and regulatory environment in Egypt and the technical and operational issues¹³.

Figure 31. Perceptions of the State of Financial Support in Egypt



In general experts in Egypt perceive entrepreneurial finance support in the country to be inadequate whether it was made available by the government, private sector (though VC/EF) or individuals, thus it is a weak EFC.

2. Government Policies

Another major contextual factor affecting entrepreneurship activity in Egypt is government policies represented in providing support, legislation, regulations, taxation and other practices influencing the new and growing firms. GEM describes this EFC as “the extent to which taxes or regulations are either size-neutral or encourage SMEs”. The effect of this factor on entrepreneurship was investigated in a set of seven survey items in the NES (see Box 2).

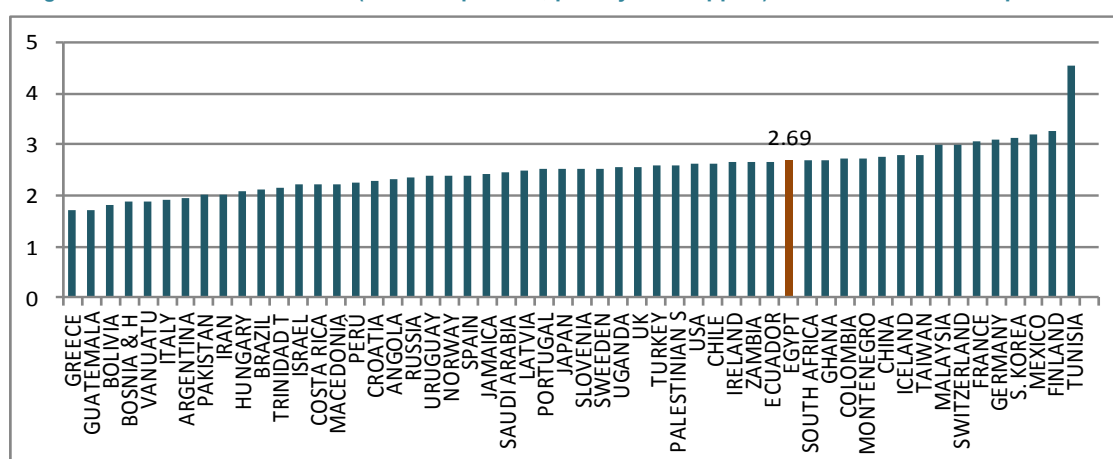
In terms of Government concrete policies, priority and support given to new and growing firms, experts, except from Tunisia, felt that this EFC is in a weak condition and the support is not sufficient enough to encourage entrepreneurship in their respective countries (figure 32). Egypt is ranked 16th with a mean score of 2.69 ahead of most the innovation and efficiency driven economies.

Box 2. Government Policies

In my country:

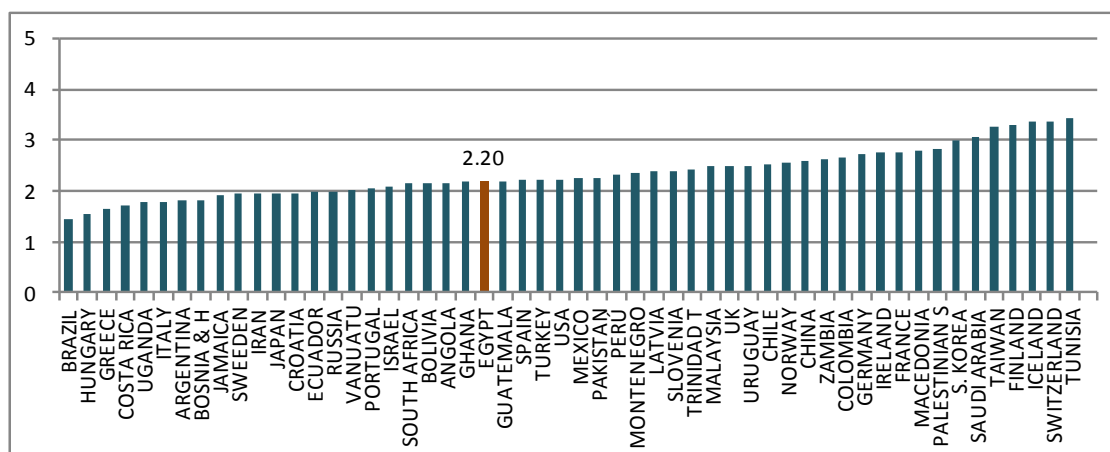
1. government policies (e.g. public procurement) consistently favour new firms.
2. the support for new and growing firms is a high priority for policy at the national government level.
3. the support for new and growing firms is a high priority for policy at the local government level.
4. new firms can get most of the required permits and licenses in about a week.
5. the amount of taxes is NOT a burden for new and growing firms.
6. taxes and other government regulations are applied to new and growing firms in a predictable and consistent way.
7. coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms.

Figure 32. Government Policies (concrete policies, priority and support) – Cross-National Comparison



Experts' views of government policies pertinent to bureaucracy and taxes imposed on the new and growing and firms, ranged from being constraining to entrepreneurship to mediocre (Figure 33). Egypt is ranked 32 with a mean score of 2.2 reflecting the negativity of this EFC, although according to the “Ease of Doing Business” index, produced by the World Bank and the International Finance Corporation (IFC), Egypt has been one of the top global reformers in four of the past seven years

Figure 33. Government Policies (bureaucracy, taxes) – Cross-National Comparison

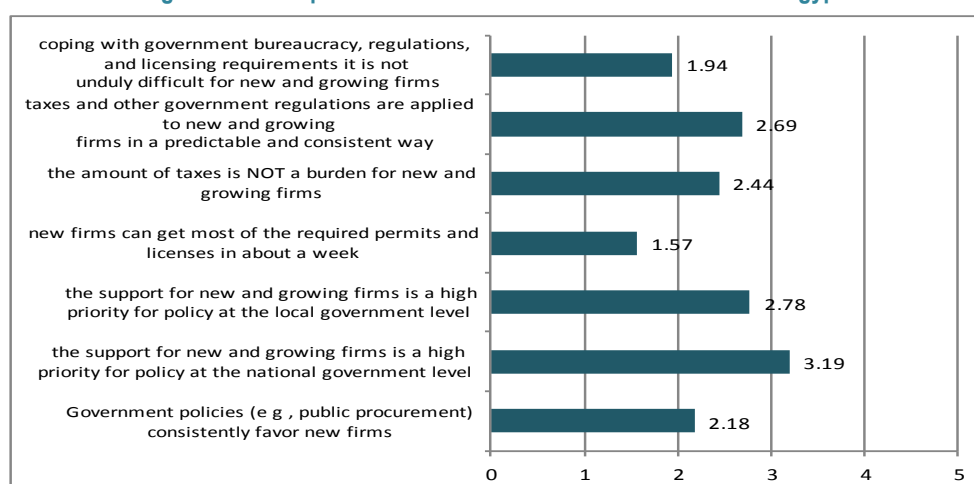


In 2010, the minimum capital requirements have been eliminated while the number of procedures to start a business has been reduced to six over seven days and cost 16.15% of income per capita. The same index shows that the total taxes were reduced to 43% of the profit compared to 45.1% in 2008. Despite of the simplification of the registration process and licensing requirements as part of the general reform taken by the Egyptian Government to reduce bureaucracy and improve the business environment, the experts believed that this effort was not sufficient and considered the bureaucracy, regulations and licensing requirements as a hindering factor for entrepreneurship with a mean score of 1.94 (Figure 34).

In contrast, they see the support for new and growing firms by the national government as somehow a fostering factor for entrepreneurship (mean score of 3.1), while they perceive this support at the local government level as less favouring.

Another manifestation of reform was the reduction in taxes as per the Ease of doing Business index; nevertheless, the Egyptian experts believed that the amount of taxes paid by the new and growing firm is a burden. The taxes still to be paid by the firms include social insurance contributions (25.64% of profit), corporate income tax (13.78% of profit) and administrative taxes (3.6%).

Figure 34. Perceptions of the State of Government Policies in Egypt



3. Governmental Entrepreneurship Programmes

Another main factor affecting the level of entrepreneurial activity is the government's involvement in encouraging new and growing firms through support programmes. The contribution of government programmes to entrepreneurship support was assessed in the NES by six items (see Box 3).

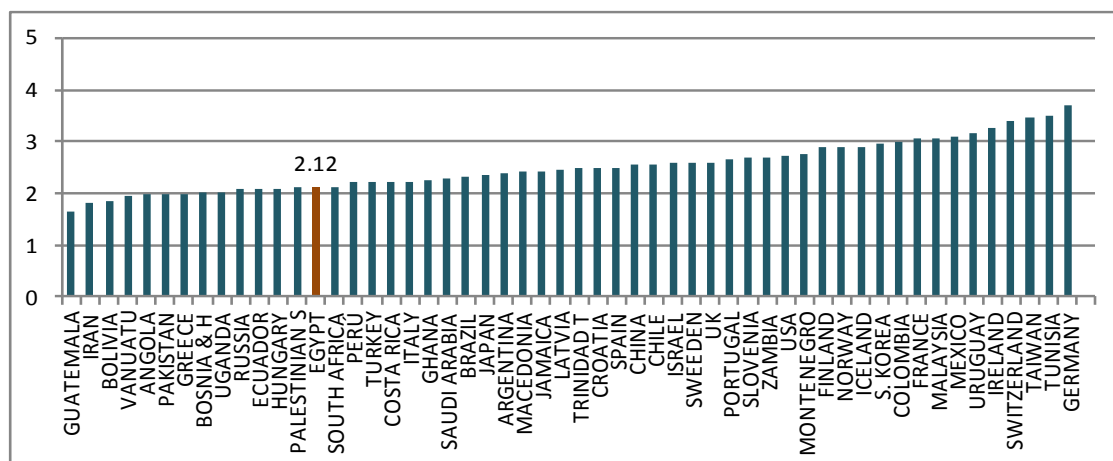
Experts' view on the strength of this EFC varied. Some experts consider it as a supporting factor while others saw it as a constraining factor (Figure 35). Egypt ranked 41 on the availability and efficacy of its governmental support programmes for new and growing firms, with a mean score of 2.12.

Box 3. Governmental Programmes

In my country,

1. a wide range of government assistance for new and growing firms can be obtained through contact with a single agency.
2. science parks and business incubators provide effective support for new and growing firms.
3. there are an adequate number of government programmes for new and growing businesses.
4. the people working for government agencies are competent and effective in supporting new and growing firms.
5. almost anyone who needs help from a government programme for a new or growing business can find what they need.
6. government programmes aimed at supporting new and growing firms are effective.

Figure 35. Government Programmes – Cross-National Comparison



Exploring the national experts' view on this EFC reflects its weakness in supporting entrepreneurship in Egypt (Figure 36). They rated the availability of help and assistance from any of the government programmes designed to support the new or growing firms as the lowest among the other 6 items that constitute this EFC with a mean score of 1.83 indicating its uselessness. The next lowest mean score was given to the people who are working in the government agencies and described them as being incompetent and ineffective (2.00). Overall, the experts regard the government programmes, one way or another, as promising supporting elements to entrepreneurship in Egypt as the mean score for the remaining four items was more than two.

Figure 36. Perceptions of the State of Government Programmes in Egypt



The Social Fund for Development continues to be one of the primary governmental organisations supporting SMEs in Egypt, whether in terms of facilitating the business registration and licensing processes for owners of micro and small enterprises, offering advice, counselling, export assistance, and financing.

4. Education and Training

GEM defines entrepreneurship education as the extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels (primary, secondary and post-school).

In the National Experts Survey the strength/weakness of this framework condition was assessed by the experts using six survey statements aimed at assessing the extent to which the educational and training system encourages and supports entrepreneurial behaviour and management skills (see Box 4).

Box 4. Education and Training

In my country,

1. teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative.
2. teaching in primary and secondary education provides adequate instruction in market economic principles.
3. teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation.
4. colleges and universities provide good and adequate preparation for starting up and growing new firms.
5. the level of business and management education provide good and adequate preparation for starting up and growing new firms.
6. the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms.

The majority of experts GEM 2010 countries assessed the level of entrepreneurial education at the primary and secondary schools as a restraining factor. Egypt ranks in last place with a mean score of 1.27. However, the experts viewed the level of entrepreneurial education and training at the university/college or as part of vocational training as somehow fostering entrepreneurship with the lowest mean score of 2.11 for Egypt. Although this ranks Egypt in the last position among the 53 countries, the mean score for this year is 20% higher (better) than 2008 (Figure 37 and Figure 38).

Figure 37. Entrepreneurial Education at Primary and Secondary Schools – Cross-National Comparison

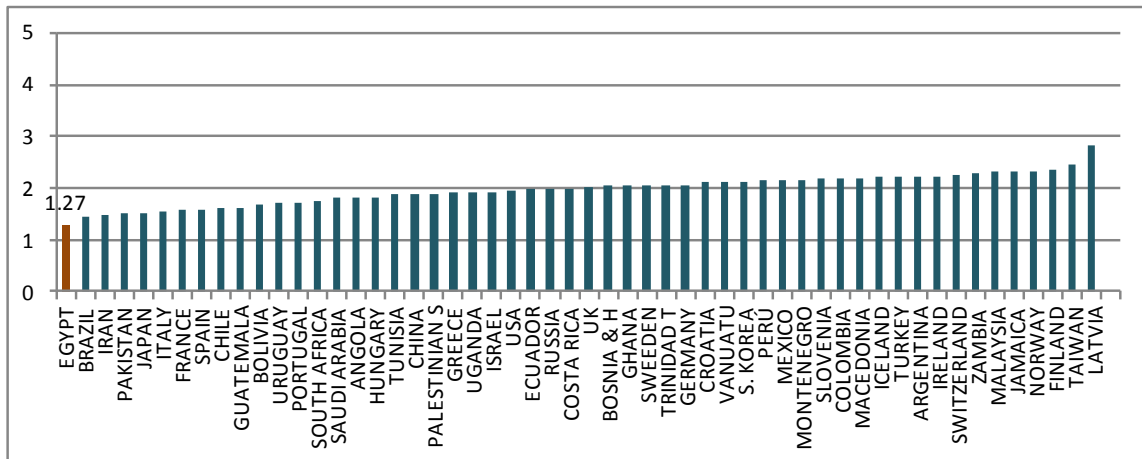
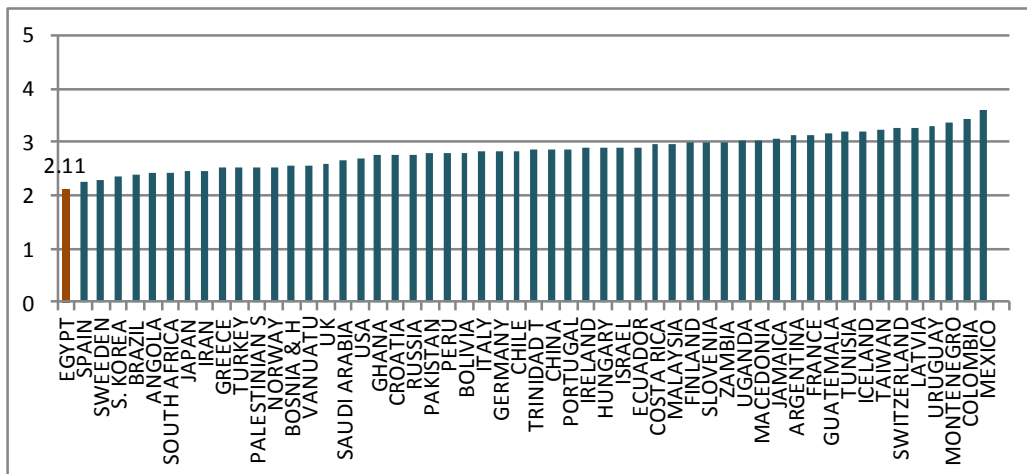
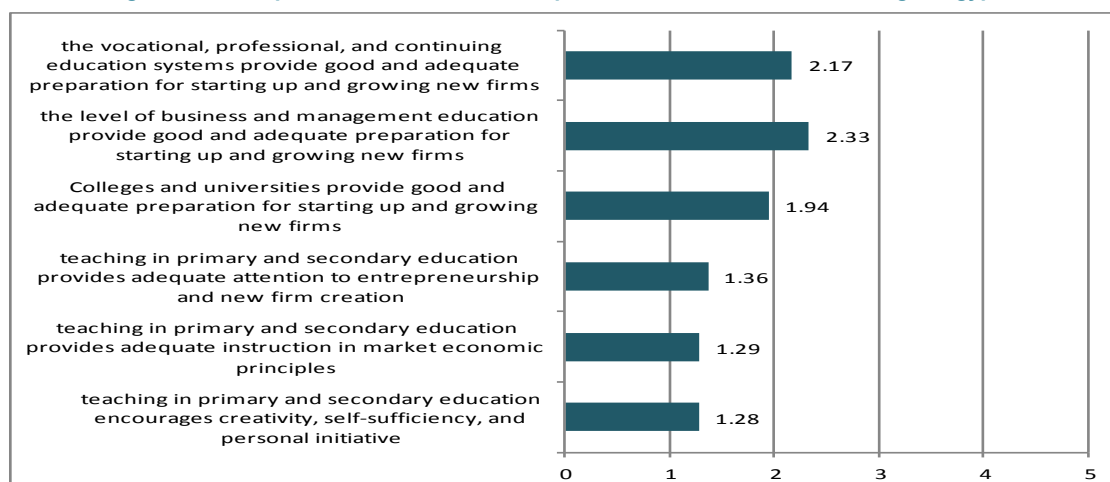


Figure 38. Entrepreneurial level of education at Vocational, Professional, College and University – Cross-National Comparison



Egyptian experts described the level of education, whether at school or university as weak and insufficient to qualify people for the business start-ups (Figure 39). They negated the effect of primary and secondary schools on encouraging creativity, self-sufficiency and personal initiative (1.28); believing that education at this level does not provide adequate instruction in market economic principles (1.29) nor adequate attention to entrepreneurship and new firm creation. This view also extends at the university/college level, where they felt that students are not exposed to/provided with the necessary preparations to start a business. Nevertheless, they looked at the vocational training with, somehow, less negativity, and felt that to some extent it could provide adequate preparation for starting up and growing new firms (2.33).

Figure 39. Perceptions of the State of Entrepreneurial Education and Training in Egypt



In 2008, Egypt ranked last among the GEM countries (31 countries) and once more it ranked last in 2010 among the 53 countries, in terms of educational adequacy for entrepreneurship. Thus it is deemed necessary, and a priority, to pay more attention to this area if the goal is to foster stronger entrepreneurial activity in Egypt. Some efforts do exist to expose young people and students to entrepreneurship. Various activities are carried out and organised by several parties, including the SFD, the International Labour Organisation (ILO), INJAZ-Egypt, an affiliate of Junior Achievement (JA), The Egyptian Junior Business Association (EJB) and the IMC.

An active player in promoting entrepreneurship among the youth in Egypt is the Middle East Council for Small Business and Entrepreneurship (MCSBE) through a series of activities and events organised at the national level, one of which is the Global Entrepreneurship Week. The MCSBE, through its affiliation with the ICSB, is seeking to establish entrepreneurship centres to act as incubators in Egyptian Universities, which are expected to promote an entrepreneurial spirit among students.

5. R&D Transfer

It has become widely accepted that research and development play a crucial role in enhancing entrepreneurship in any country. GEM looks not only at the research and development process but also how to make it available and transfer it to the new and growing firms. Thus GEM defines this EFC as “the extent to which national research and development will lead to new commercial opportunities and is available to SMEs”. Six statements were used to assess this EFC (see Box 5).

The Egyptian experts' view of the level of R&D transfer put the country in the 50th rank with a mean score of 1.83 (Figure 40); however experts in most of the

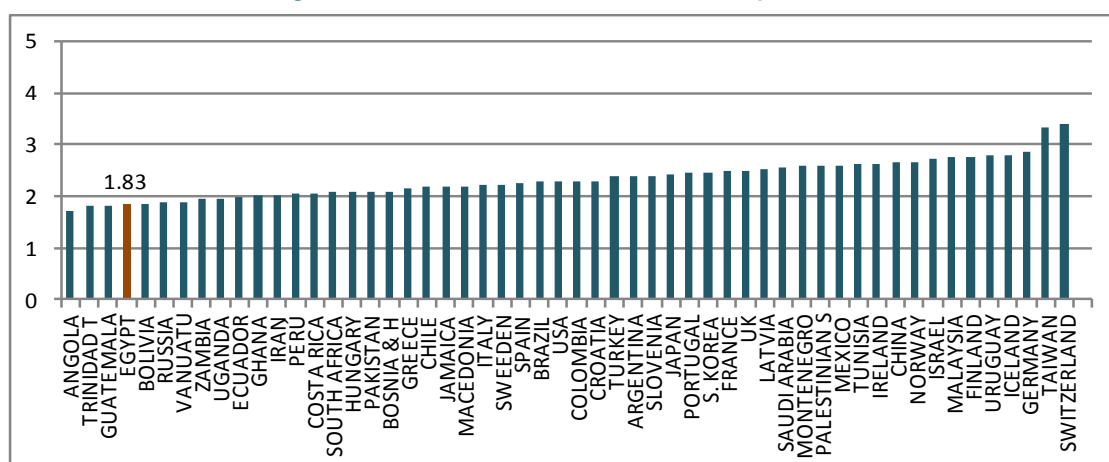
Box 5. R&D Transfer

In my country,

1. new technology, science, and other knowledge are efficiently transferred from universities and public research centres to new and growing firms.
2. new and growing firms have just as much access to new research and technology as large, established firms.
3. new and growing firms can afford the latest technology.
4. there are adequate government subsidies for new and growing firms to acquire new technology.
5. the science and technology base efficiently supports the creation of world-class new technology-based ventures in at least one area.
6. there is good support available for engineers and scientists to have their ideas commercialised through new and growing firms.

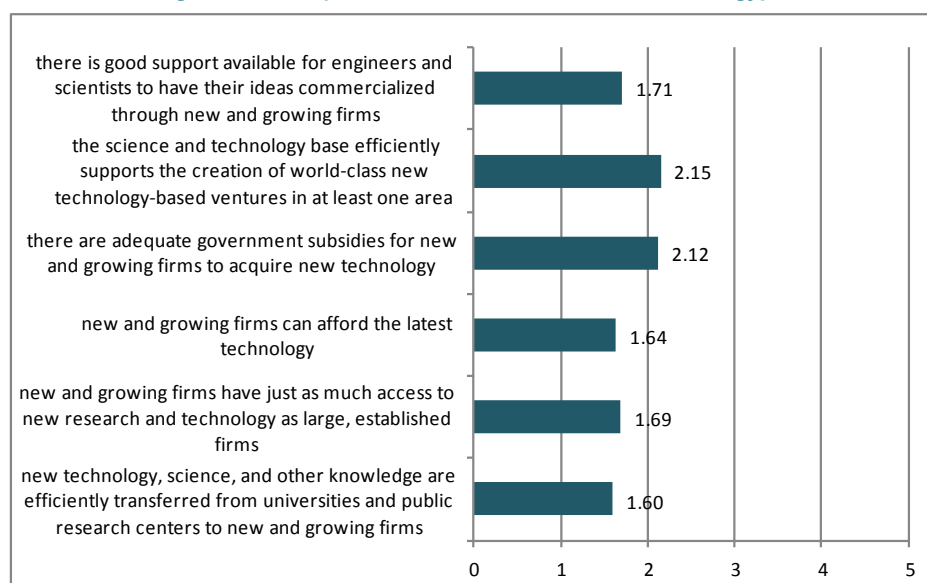
countries were also not satisfied with the level of R&D transfer in their respected countries and perceived it as a weakness.

Figure 40. R&D Transfer – Cross-National Comparison



According to the national experts, new and growing firms are deprived from the latest technology and this works as a constraining factor. The reasons are: 1) the new technology, science and other knowledge are not efficiently transferred from universities and public research centres; and 2) cost of latest technology is unaffordable. On the other hand there is lack of support available for engineers and scientists to have their ideas commercialised through the new and growing firms who in turn do not have as much access to new research and technology as the large and established firms (Figure 41).

Figure 41. Perceptions of the State of R&D Transfer in Egypt



R&D as much as education should be one of the top priorities if Egypt is to be turned into a hub of entrepreneurship. In 2008, the research and development expenditure as a percentage of the GDP was barely 0.25%¹⁴, which is very low.

6. Commercial and Services Infrastructure

Commercial and service infrastructure is another Entrepreneurial Framework Condition shaping entrepreneurial activity and is defined by GEM as “the presence of property rights and commercial, accounting, and other legal services and institutions that support or promote SMEs in any country”. The effect of this EFC on new and growing firms was explored using five statements (see Box 6).

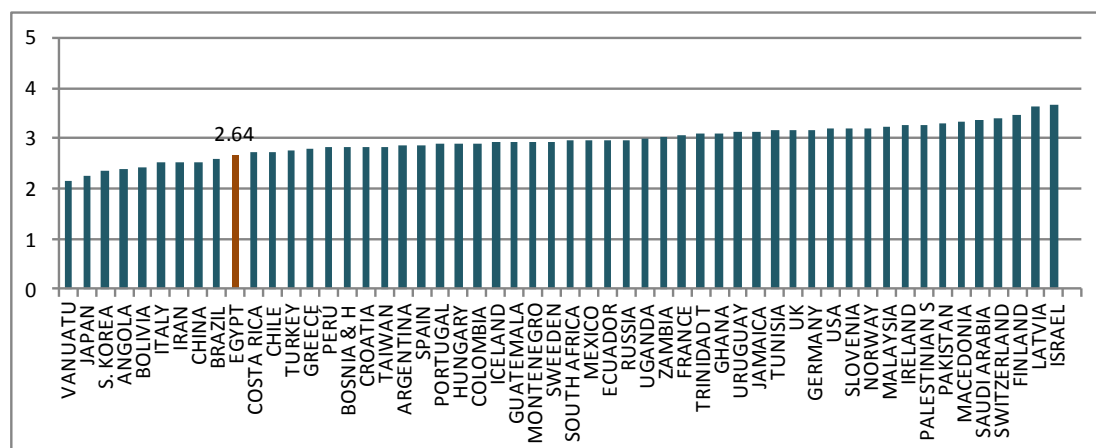
Experts' opinions on the strength of the commercial and professional services infrastructure ranged across countries, yet it was quite neutral, as the mean score was around 3 (Figure 42). Egypt ranked 44th with a mean score of 2.64.

Box 6. Commercial & Services Infrastructure

In my country,

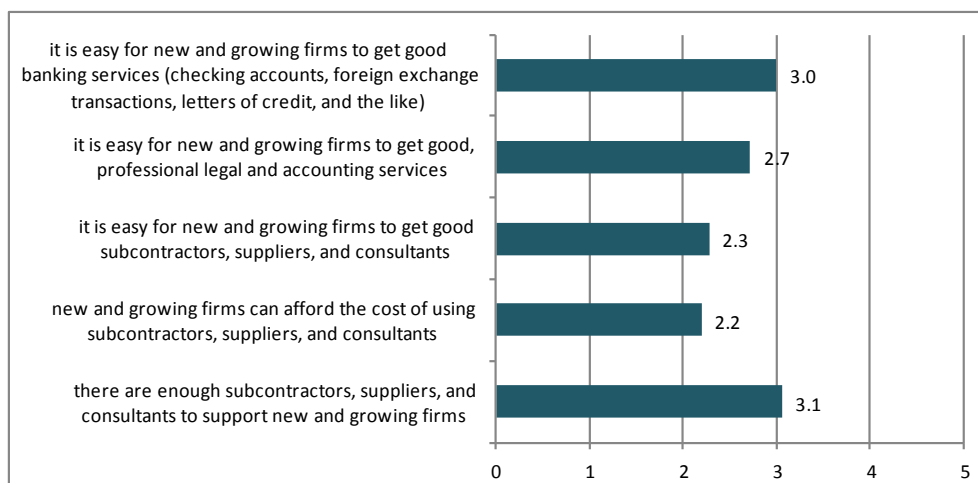
1. there are enough subcontractors, suppliers, and consultants to support new and growing firms.
2. new and growing firms can afford the cost of using subcontractors, suppliers, and consultants.
3. it is easy for new and growing firms to get good subcontractors, suppliers, and consultants.
4. it is easy for new and growing firms to get good, professional legal and accounting services.
5. it is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like).

Figure 42. Professional and Commercial Infrastructure Access – Cross-National Comparison



Although the Egyptian experts gave a mean score of 3.1 to the adequacy of the subcontractors, suppliers and consultants supporting the new and growing firms, reflecting their belief that they might be available; they think that the cost of recruiting these subcontractors, suppliers and consultants is not affordable by the new and growing firms and thus find it difficult to get good ones. Access to good banking, legal and accounting services, and the availability of subcontractors, suppliers and consultants each had a mean score of 3.0, indicating a slightly favourable view of the experts about the strength of these factors (Figure 43).

Figure 43. Perceptions of the State of Commercial & Professional Infrastructure in Egypt



7. Market Openness

Market openness contains two components: 1) Market Dynamics, which is the level of change in markets from year to year and deals with the opportunities for new and growing firms created from expanding markets for products and services; and 2) Market Openness (burden): the extent to which new firms are free to enter existing markets and considers the barriers to market entry created by high entry costs and blocked competition.

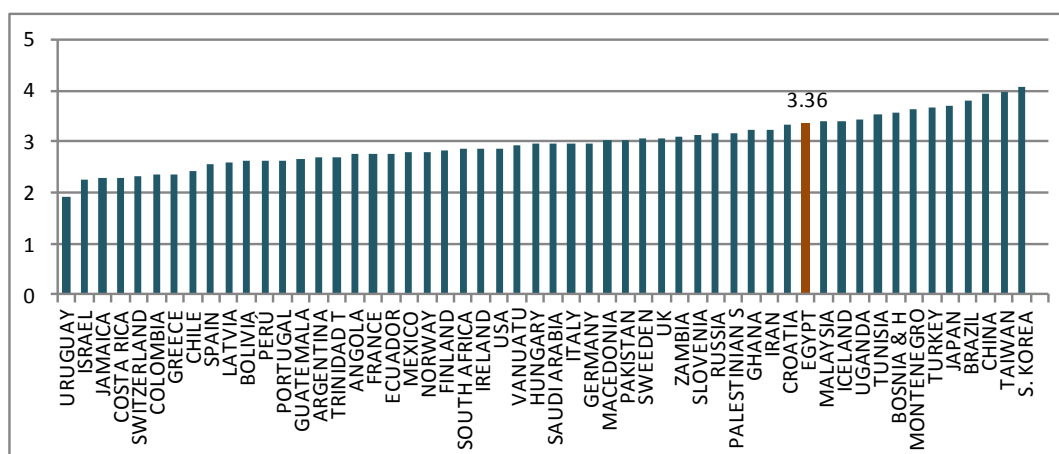
Box 7. Market Openness

In my country,

1. the markets for consumer goods and services change dramatically from year to year.
2. the markets for business-to-business goods and services change dramatically from year to year.
3. new and growing firms can easily enter new markets.
4. the new and growing firms can afford the cost of market entry.
5. new and growing firms can enter markets without being unfairly blocked by established firms.
6. the anti-trust legislation is effective and well enforced.

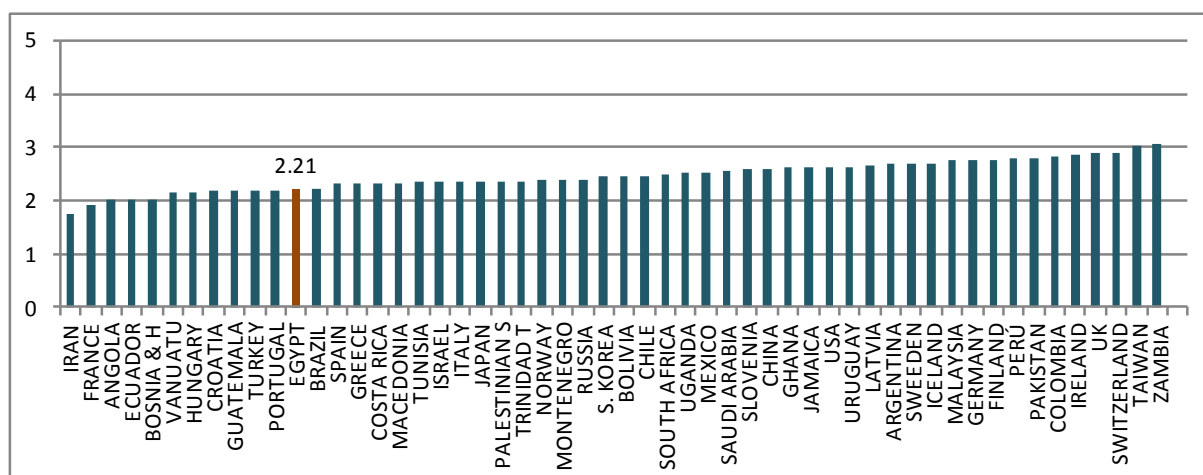
Both components were assessed through six statements (see Box 7); statements 1-2 assess the market dynamics while statements 4-6 internal market openness. A cross-country comparison shows that experts in most of the countries describe the markets as dynamic, which is favourable for entrepreneurship. Egypt ranks 13th among the 31 countries (mean score of 3.36), indicating the perception of a comparatively dynamic market for goods and services.

Figure 44. Market Dynamics – Cross-National Comparison



Regarding the market burden, experts' responses mean scores were between 3.0 and 2.0 which indicate that their perception of this dimension ranges between somehow unfavourable for entrepreneurship to a neutral view of the ease with which new and growing firms can enter into new markets (Figure 45). Egypt ranks 43 with a mean score of 2.21.

Figure 45. Internal Market Burden – Cross-National Comparison



The experts believe that the anti-trust legislation (which breaks up existing monopolies and prevents the formation of new monopolies in order to increase competition and societal welfare) is ineffective and not well enforced in Egypt, thus creating entry barriers to the new and growing firms which are unfairly blocked by the established firms. They also believe that new and growing firms in Egypt cannot easily enter new markets and that the cost of market entry is high.

Figure 46 . Perceptions of the State of Internal Market Openness in Egypt



On the other hand, the national experts felt that the markets for both business-to business and for consumer goods and services somehow changes from year to year, though not dramatically.

8. Accessibility of Physical Infrastructure

GEM describes the accessibility of physical infrastructure as ‘the ease of access to physical resources—communication, utilities, transportation, land or space—at a price that does not discriminate against SMEs’. This framework condition was assessed using 5 items. (see Box 8).

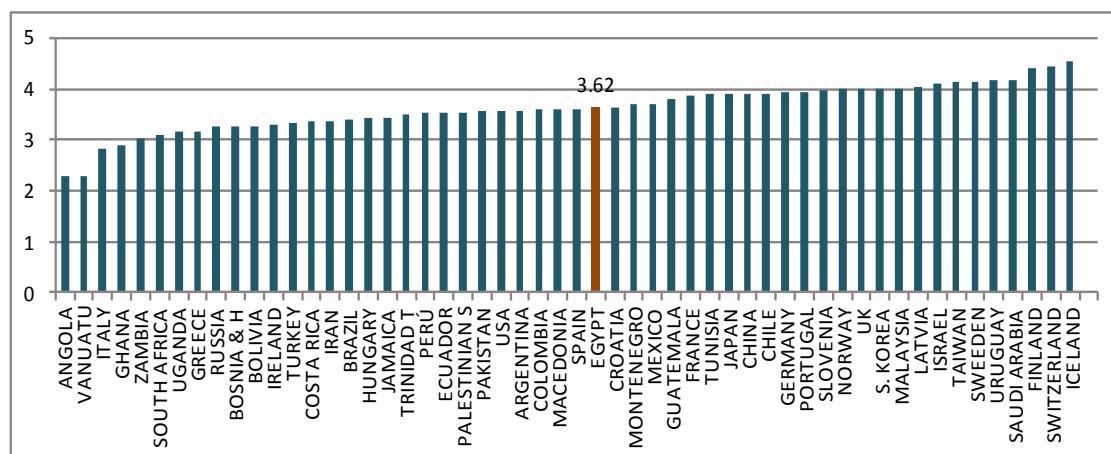
Except for few countries, the national experts considered the level of development, distribution and accessibility of physical infrastructure as a supporting framework condition for entrepreneurship (Figure 47). Egypt ranks 26th, with a mean score of 3.62 reflecting the positive perceptions of the Egyptian experts relative to those in other GEM countries.

Box 8. Physical Infrastructure

In my country,

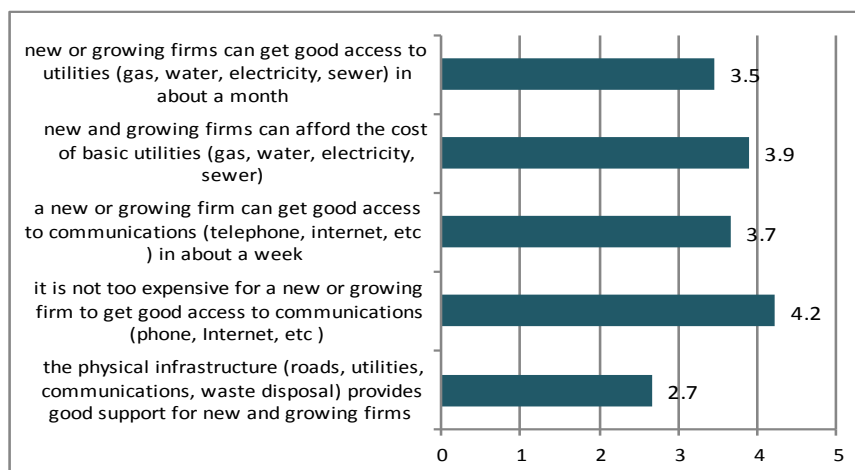
1. the physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms.
2. it is not too expensive for a new or growing firm to get good access to communications (phone, Internet, etc.).
3. a new or growing firm can get good access to communications (telephone, internet, etc.) in about a week.
4. new and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer).
5. new and growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month.

Figure 47 . Accessibility of Physical Infrastructure – Cross-National Comparison



In Egypt, this EFC has the highest mean score (3.62) of the other eight EFCs, indicating the role this EFC can play as a supporting factor to the new and growing firms. Egyptian experts hold highly favourable views of the state of the physical infrastructure in the country – both in terms of affordability of basic utilities (water, gas, electricity and sewer) and communications (phone, internet) and the timely access to these utilities (Figure 48). They gave a somewhat lower assessment of the general support provided to new and growing firms by physical infrastructure, such as roads, communications, and waste disposal, however.

Figure 48. Perceptions of the State of Accessibility of Physical Infrastructure in Egypt



9. Social and Cultural Norms

The ninth framework condition impacting on the level of entrepreneurship in any country is the social and cultural norms which are defined by GEM as “the extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income”. The degree to which cultural and social norms foster entrepreneurial attributes and attitudes and favour entrepreneurship was assessed using five statements (see Box 9).

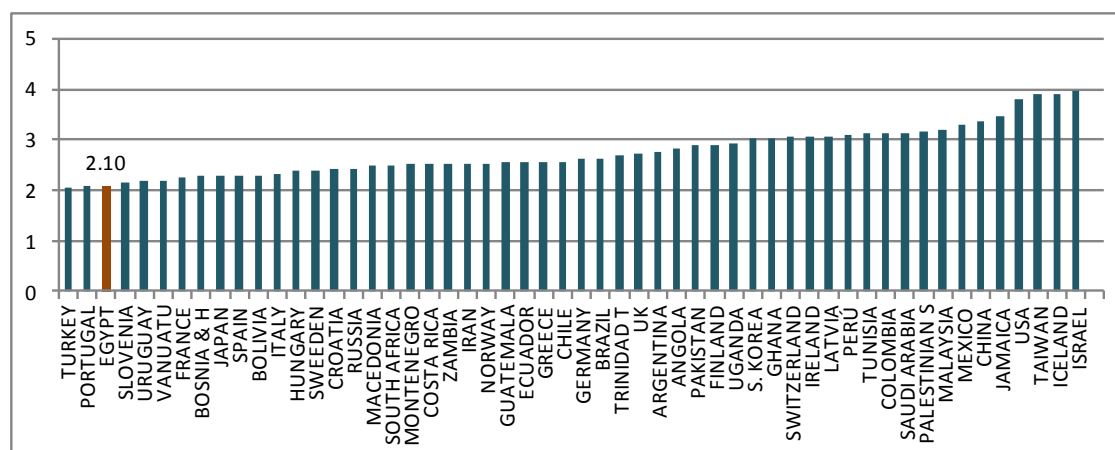
Some countries are perceived by their national experts to have a very positive societal attitude towards entrepreneurship, the United States being the strongest example (Figure 49). In others, the prevailing social and cultural norms are not seen as so supportive of entrepreneurship and fostering of entrepreneurial attributes. On this EFC, Egypt ranks 51st, with a very slight difference from Turkey that is ranked last, indicating that social and culture norms are one of the most sever constraining factors.

Box 9. Social and Cultural Norms

In my country,

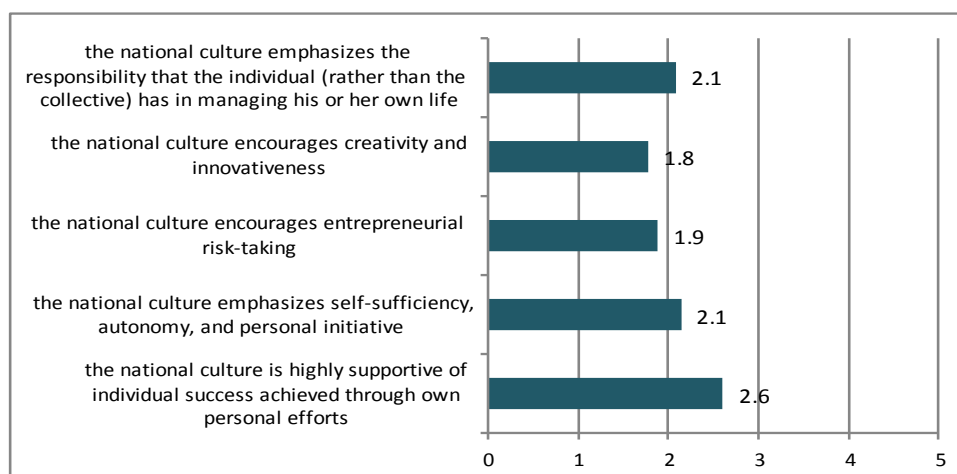
1. the national culture is highly supportive of individual success achieved through own personal efforts.
2. the national culture emphasises self-sufficiency, autonomy, and personal initiative.
3. the national culture encourages entrepreneurial risk-taking.
4. the national culture encourages creativity and innovativeness.
5. the national culture emphasises the responsibility that the individual (rather than the collective) has in managing his or her own life.

Figure 49. Social and Cultural Norms – Cross-National Comparison



The national experts' responses confirmed the negative impact of national culture on encouraging creativity and innovativeness (mean score 1.8) and entrepreneurial risk taking (mean score 1.9) and, to a lesser extent, its emphasis on nurturing self-sufficiency, autonomy and personal initiative and holding the individual responsible for managing his/her own life (both items have mean score 2.1) (Figure 50). In general, experts looked at the national culture as somehow supportive of individual success (mean score 2.6).

Figure 50. Perceptions of the State of Social and Cultural Norms in Egypt



Experts' Views on Other Aspects of the Entrepreneurial Environment

The national experts were asked, also, to present their views on other factors of the entrepreneurial environment in their respective countries, these are factors aimed at supporting entrepreneurship activity. This section presents findings on these dimensions: support for the entrepreneurial activity of women; the availability of good start-up opportunities; and the degree of knowledge and ability of citizens to start and manage their own businesses.

Start-up Support to Women

Support for the women's entrepreneurial activity and their start-up efforts was assessed using five statements (see Box 10).

It is obvious that Finland, Iceland, Norway and Tunisia view positively female entrepreneurship and hence are encouraging the start-up of entrepreneurial ventures by women (Figure 51). However, not all countries are supporting and encouraging women entrepreneurs and accepting the start-up of a business as a career option for women. Examples of these countries are Iran, Turkey, Saudi Arabia and Japan. Egyptian experts

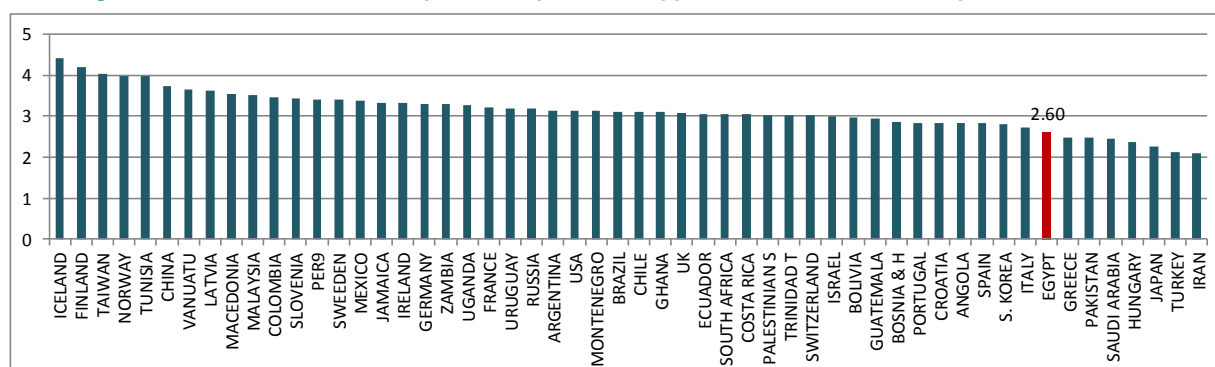
Box 10. Women's support to start up

In my country,

1. there are sufficient social services available so that women can continue to work even after they start a family.
2. starting a new business is a socially acceptable career option for women.
3. women are encouraged to become self-employed or start a new business.
4. men and women get equally exposed to good opportunities to start a new business.
5. men and women have the same level of knowledge and skills to start a new business.

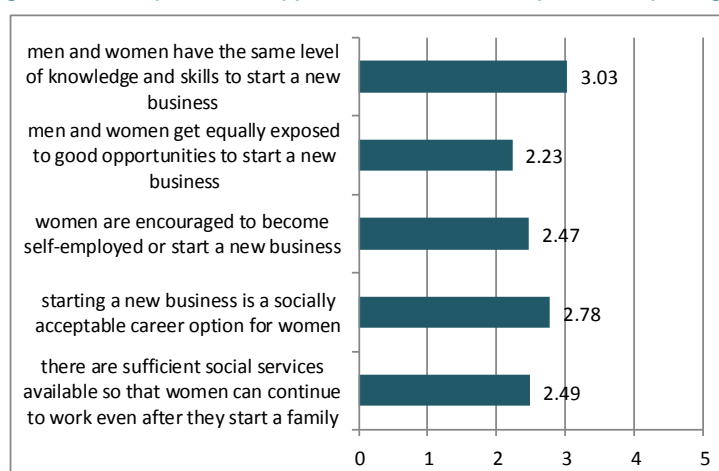
believed that their environment is somehow hostile for women entrepreneurs (with a mean score of 2.6, which is lower than that of 2008) and does not perceive it in a positive way.

Figure 51. Vision of Women Entrepreneurship and its Support – Cross-National Comparison



In Egypt, although women might have the same level of knowledge and skills to start a new business as men, the APS finding revealed that women are less likely to pursue entrepreneurship. This might be justified by the society's disapproval of business as an acceptable career option for women, (Figure 52). Other factors working against women in Egypt include lack of exposure to good opportunities to start a new business (compared to men) and insufficient social services to enable them to work after they start a family.

Figure 52. Perceptions of Support for Women's Entrepreneurship in Egypt



Opportunities to Start Up

The availability of start-up opportunities was assessed by experts using five statements (see Box 11).

There was a consistent assessment of this factor between the majority of experts, who somehow believed there might be a good opportunity for starting-up businesses in their respective countries (Figure 53). In Egypt, the mean score was 3.34 (which is lower than that of

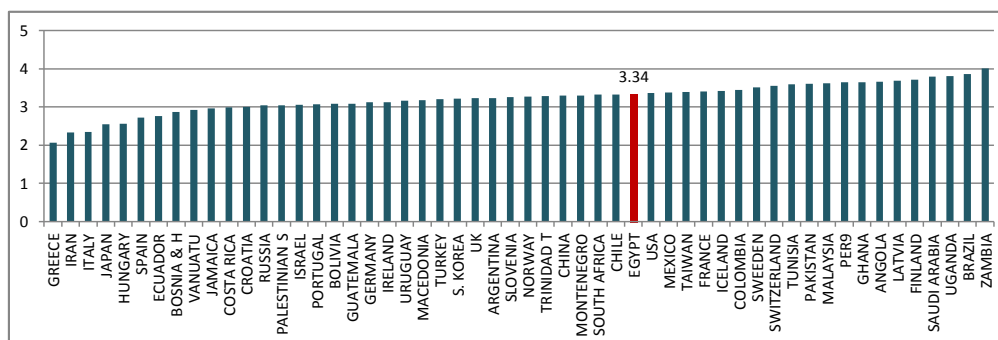
Box 12. Opportunities to start up

In my country,

1. there are plenty of good opportunities for the creation of new firms.
2. there are more good opportunities for the creation of new firms than there are people able to take advantage of them.
3. good opportunities for new firms have considerably increased in the past five years.
4. individuals can easily pursue entrepreneurial opportunities.
5. there are plenty of good opportunities to create truly high growth firms.

2008), indicates that less opportunities are available and might justify why the TEA rate is lower for this year compared to 2008.

Figure 53. Availability of Good Start-Up Opportunities – Cross-National Comparison



The Egyptian experts believe that somehow the opportunities for the creation of new firms have considerably increased in the past five years and there are more good opportunities than there are people to take advantage of them (Figure 54). Nevertheless, they believe that individuals can not easily pursue these opportunities.

Figure 54. Perception of Opportunities to Start up in Egypt



Abilities and Knowledge to Start Up

Another factor that was evaluated by experts is people's abilities and know-how to start a new venture. This factor was assessed using 5 statements (see Box 12).

Experts varied in their evaluation of this factor between countries (Figure 55). However, the mean score of the majority was between 2 and 3, indicating their low estimation of the level of skills,

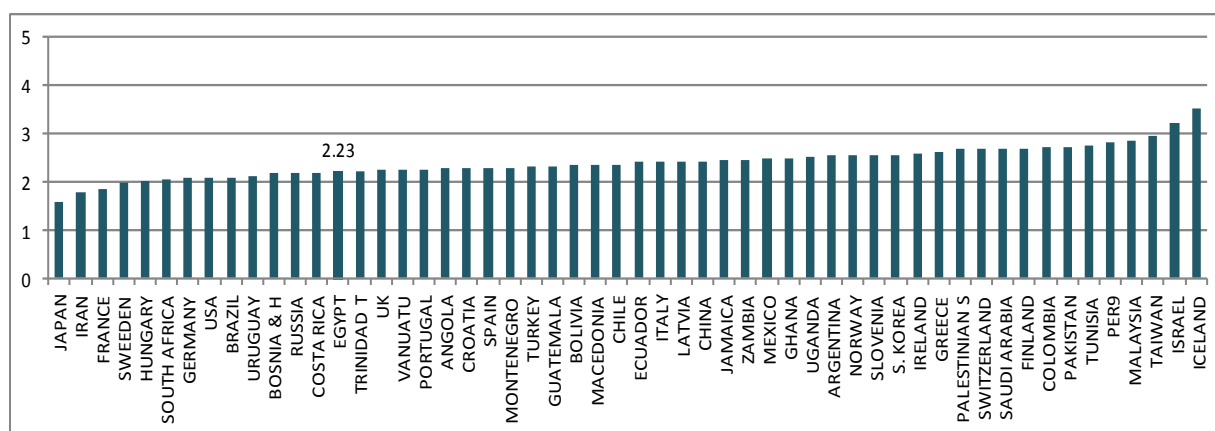
Box 12. Abilities and knowledge to start up

In my country,

1. many people know how to start and manage a high-growth business.
2. many people know how to start and manage a small business.
3. many people have experience in starting a new business.
4. many people can react quickly to good opportunities for a new business.
5. many people have the ability to organise the resources required for a new business.

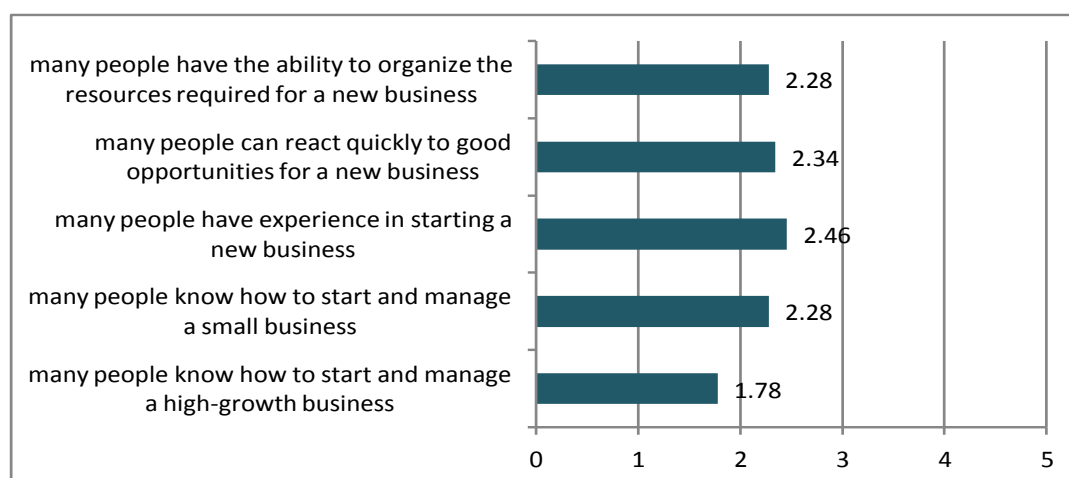
knowledge and abilities of the people in their countries to start a business. The mean score for Egypt was 2.23, placing it in the last quarter of the list.

Figure 55. Abilities and Knowledge to Start and Manage a Business – Cross-National Comparison



Despite their confidence in their capabilities to start a business (Table 3), experts in Egypt do not believe that many Egyptians are equipped with the knowledge and ability to start and manage a business (Figure 58) and even less of them know how to do this for a high-growth business. They also rated the ability of the population to react quickly to good opportunities for a new business as very low, which links with fewer than 38.8% of the population saw a good opportunity to start a business.

Figure 56. Perception of Abilities and Knowledge to Start and Manage a Business in Egypt



Experts' Views on Areas Constraining and Fostering Entrepreneurial Activity in Egypt

The last section of the NES asked the national experts to provide, in their own opinion, three areas/issues constraining entrepreneurial activity and three areas/issues fostering entrepreneurial activity in Egypt, and to suggest three recommendations to improve it. The experts' open-ended responses are presented in Tables 8 and 9, while suggestions are introduced in Table 10.

Limited access to finance was the top of the areas hindering entrepreneurship in Egypt (Table 8). Not only inability to secure the required funds, but the entrepreneurs suffered from the high interest rates and amount of collateral required in order to obtain this loan. The educational system was another main obstacle and was believed by the national experts to inhibit creativity and innovation, followed directly by the national culture that discourages self-employment and attaches a bad image to businessmen and entrepreneurs.

Table 7. Areas Constraining Entrepreneurial Activity in Egypt - Experts' Opinions

	% of responses
1. Limited Access to Finance (Debt & Equity), collaterals and high interest rates.	22.0
2. Poor Educational System (at Primary and Secondary Schools level and university Level) that inhibit creativity and innovation.	17.0
3. Non-supportive national culture and bad image of businessmen/entrepreneurship.	16.0
4. Incompetence of Institutions, whether governmental or non-governmental in dealing with entrepreneurship development.	10.0
5. Lack of Business Support Services providers.	7.0
6. Lack of Information available to new start-ups.	7.0
7. Lack of coherent and comprehensive policies, labour law, bankruptcy laws, etc..	7.0
8. Lack of qualified and trained workforce and limited number of technically skilled labour in the work place.	7.0
9. Government bureaucracy, rigidities in the bureaucratic environment – difficult and costly to get through the red-tape.	3.0
10. Corruption.	4.0
	100.0%

Nevertheless, the national experts believed that there are many factors that work in the direction of fostering and encouraging entrepreneurship in spite of all the constraints. These factors are expected to enhance the level of entrepreneurial activity (Table 9). The engagement of the civic society organisations and other institutions (i.e. ILO, INJAZ, MCSBE) in promoting entrepreneurship through various events conducted at the national level was ranked as the top fostering area. For example, the Global Entrepreneurship Week, which was launched in 2008 for the 1st time in Egypt with limited participation, succeeded in 2010 to attract thousands of participants from schools, universities and vocational training centres, who were exposed to opportunities of meeting successful entrepreneurs, received training on business planning and were advised on how to start a business. Such an event is expected to impact positively on the entrepreneurial orientation of youth and encourage them to start their own businesses.

Another factor of equal importance in fostering entrepreneurship in Egypt is the opportunities seen whether in the Egyptian market or the international market, followed by the Government support to the new and growing firms, represented in the policies, programme and strategies all aimed at enhancing the conditions for start-ups.

Table 8. Areas Fostering Entrepreneurial Activity in Egypt - Experts' Opinions

		% of responses
1.	Engagement of civic society organisations and other initiative in promoting entrepreneurship and the increase in the number of events (business plan competitions, seminars, Global entrepreneurship week) aiming at raising awareness for entrepreneurship.	20.0
2.	Existence of opportunities in both the Egyptian and foreign markets.	20.0
3.	The government initiatives (SDF, IMC, ITIDA) along with introducing several new government strategies aiming at encouraging and supporting entrepreneurship and new firms.	12.0
4.	Size of the Egyptian market with changing demands and relative increase in per capita income.	10.0
5.	Increase the percentage of technical graduates and skilled personnel in the workforce.	10.0
6.	Desire to improve standards of living and to circumvent lack of job opportunities and poverty.	7.0
7.	Willingness of Egyptians to learn and acquire new skills	5.0
8.	Increase in the number of start-ups by youth in Egypt.	5.0
9.	Minimum investment required.	2.0
10.	Growth in the sources of capital, i.e. business angels, donors, etc..	2.0
		100.0%

Table 10 presents the recommendations offered by the experts to make the Egyptian context more conducive for entrepreneurship and overcome all the constraints & obstacles facing entrepreneurs.

The 1st and 2nd recommendations are consistent with what the experts view as a constraining factor, radical reform of the education system, at all levels of schooling, to encourage creativity and innovation and improving the access to finance through creating new and tailored methods to secure funding to meet the entrepreneurial needs whether from banks, government, private sector or donor bodies. The 3rd recommendation revolves around creating an environment that is conducive for entrepreneurial activities and capacity building for new businesses on how to set up operations (e.g. required paperwork, available financing, training opportunities). The rest of the recommendations focus on creating an entrepreneurial culture and environment.

Table 9. Experts' Recommendations to Improve the Level of Entrepreneurial Activity in Egypt

		% of responses
1.	Radical reform in the Educational system to encourage creativity and innovation.	23
2.	Improve access to finance and create new and tailored methods to secure funding to meet the Entrepreneurial needs whether from banks, government, private sector or donor bodies.	20
3.	Create an environment conducive for entrepreneurial activities and capacity building for new businesses on how to set up operations (e.g. required paperwork, available financing, training opportunities).	13
4.	Transform the national culture to accept and support self-employment through the promotion of good practices and successful entrepreneurial activities	10
5.	Establish a network of business development services.	8
6.	Give proper consideration and attention to R&D and support for innovation.	7
7.	Creating Entrepreneurship Centres and business incubators in the universities and higher education institutions	7
8.	Fostering a national programme/policy by the Government incorporating other players (i.e. civic society) to encourage entrepreneurship and create awareness on a National Scale.	6
9.	Reduce bureaucracy and corruption and hence Improve government policies to encourage starting a new business.	4
10.	Availability of valuable information needed by new start-ups especially about the market behaviour and the market trends	2
		100.0%

Part V: Recommendations

Promoting entrepreneurship in Egypt entails the collective efforts of different constituencies and stakeholders from around the country. Based on the results of GEM Egypt 2008, a number of recommendations are offered for consideration. These are based on the input from national experts and analysis of the adult population interviews.

Education and Training

Despite plans to develop a programme for entrepreneurship¹⁵ and efforts to address of training provided by organisations like USAID and the ILO, education remains one of the main constraining factors to entrepreneurship development in Egypt. It requires an extensive overhaul including: :

1. Restructuring the educational system to foster creativity and independent thinking.
2. Reviewing the design of the school curriculum at the elementary and secondary levels to incorporate entrepreneurship principles and accelerate the teaching of entrepreneurship in more schools and classes.
3. Integrating entrepreneurship classes on how to start a business as part of any vocational or technical training programmes/courses.
4. Capitalising on the high entrepreneurial activity prevalence rates of university students by encouraging a career advisory system in universities to embrace the idea of students starting-up their own businesses.
5. Introducing entrepreneurship as a major in the universities.
6. Introducing management skills modules in secondary schools, vocational institutions and universities.
7. Establishing non-degree issuing programmes to enhance the level of skills and capabilities necessary in starting-up and growing a business.
8. Setting up enterprise incubators and entrepreneurship centres on university and college campuses to promote entrepreneurship, provide counselling and mentoring services, and provide linkages between the centres of knowledge creation and potential entrepreneurs.
9. Dramatically expanding the offer of flexible entrepreneurship orientation, training and mentoring programmes through business resource centres, youth centres, SFD Regional Offices, the IMC, and qualified NGOs and business associations throughout the country.

Financing

It is crucial to develop a stronger financial-support environment in Egypt in order to enhance the creation and development of entrepreneurial start-ups and growth ventures. Experts' assessment of the availability of debt and equity financing for new and growing firms in Egypt were quite low, even more so in the case of equity and venture capital financing for start-ups and early-stage growth firms. Improving the situation can be assisted by:

1. Increasing the extent to which banks extend loans to new start-ups, matching the terms of these loans with the needs and capacities of the venture (e.g. soft pay-back policies).
2. Making more microfinance funds available for enterprises in the start-up stage.
3. Increasing the active role played by private equity and venture capital funds in responding to the seed capital needs of new and early-stage, innovative and high growth potential enterprises with limited access to funds from traditional sources, including the benefit of management advice. This may involve offering incentives to private sector investors to share some of the risk in diverting funds to early-stage ventures with limited track records but high growth-potential.
4. Ensuring that the appropriate regulatory environment for the functioning of venture capital companies is in place.
5. Engaging business angels to play a more active role in supporting entrepreneurship, especially high growth start-ups, by raising funds from non-traditional sources and providing mentoring to new entrepreneurs.

The Regulatory Environment

Reducing barriers to the start-up and growth of an enterprise is basic to increasing the level and nature of entrepreneurial activity.

1. Ensuring that competition policy and anti-trust legislation are effective and well enforced to ensure fair, equal, and open opportunities for the competitive entry of new and growing firms in sectors of the market.
2. Making provisions in the labour laws to allow self-employed persons to participate in social security schemes (medical insurance, pension, etc.).
3. Amending bankruptcy laws to international standards with flexible procedures for closing down a business in cases of insolvency. The legal consequences of "failure" should not prevent entrepreneurs from having a second chance.

Culture and Awareness Building

Egypt needs more entrepreneurs. While the population expresses quite favourable attitudes towards entrepreneurship and its role in society and believes there to be sufficient media coverage, national experts pointed to the lingering of some traditional cultural attitudes. GEM studies confirm that the perceived social legitimacy of entrepreneurship makes a difference to TEA rates. The role of elevated and ongoing media support and other forms of high-level promotion activity cannot be underestimated. Promoting role models is one of the effective ways to inform and motivate more positive attitudes. This can be achieved by:

1. Celebrating success stories of entrepreneurs, encouraging self-employment and fostering an entrepreneurial-promoting culture, stimulated by sufficient social support from family, friends and peers.
2. Honouring entrepreneurship in social traditions and practices to assign value and high social status to starting up a business and becoming an entrepreneur.
3. Encouraging creativity and more openness to new products and services through awareness campaigns.
4. Improving the social image of entrepreneurs through media efforts to focus on “achieving entrepreneurs” as credible role models.

Elevating the Level of Women’s Entrepreneurship

Women in Egypt represent a large untapped source of entrepreneurial potential. The TEA rate for some groups of women is very high, although their overall participation in entrepreneurial activity is low compared to that of men, and to that of women in many other GEM countries. Women represent an economic force if their potential is supported and encouraged more fully. This could be achieved through:

1. Viewing and articulating women’s entrepreneurship as an economic issue rather than as a gender or social issue; recognising their contribution as economic and wealth-creating agents.
2. Launching cultural awareness campaigns to address the social and cultural impediments facing women who would like to play a more active role in economic activity by starting their own business.
3. Launching a campaign to promote entrepreneurship for women, including a systematic network of entrepreneur and business support services to help transfer the knowledge and skills needed to develop business ideas and new ventures (e.g. special programmes to mentor and coach women on starting up businesses, expanded women’s enterprise centres, etc.).
4. Making entrepreneurship training opportunities more available to women who are trying to break into the labour market.
5. Implementing special initiatives in post-secondary institutions and universities to promote entrepreneurship to female students.¹⁶

6. Establishing financial intermediaries or special loan products dedicated to providing loans to women (e.g. less rigid collateral requirements, tailored pay-back mechanisms).

Government Policy and Programme Support

Governments have an important role to play in nurturing entrepreneurial activity. GEM global reports have stated in the past that “any government committed to economic progress must ensure that all aspects of its economic system are conducive to and supportive of increased levels of entrepreneurial activity”¹⁷. They do this indirectly on a routine basis through their fiscal policies, tax policies, regulatory policies, competition policies, education and technology policies, regional development policies, labour market policies and so on. In many cases, the intent of these policies is not specifically to nurture entrepreneurship; in fact, they may even have an unintended adverse effect on the level of entrepreneurial activity by creating disincentives. Often, consideration of the possible impact of these policies on entrepreneurial activity is totally overlooked by policymakers. Governments also directly influence the level of entrepreneurial activity through programme measures and interventions — the establishment of business incubators, information and business resource centres, enterprise development centres, and R&D subsidies, as examples.

National experts were moderately in agreement that support for new and growing firms is a high priority at the national government level (less so at the local government level). One of their concerns, however, was the lack of a comprehensive government-wide and formally-adopted entrepreneurship policy document, articulating a strategy to specifically promote the development of new entrepreneurs and the start-up of new and growth-oriented enterprises. Initiatives to promote entrepreneurship and support start-ups do exist but they are fragmented and not part of a comprehensive approach. One of the important things government could do to accelerate the development of entrepreneurship would be to formulate such a comprehensive entrepreneurship policy and framework for actions to serve as a cross-government roadmap for the development and implementation of measures. Such a policy should focus on addressing needs and gaps of different types of entrepreneurs at each stage of the entrepreneurial process. An important objective of the policy would be to foster higher-quality start-ups with more growth potential and competitive advantages.

In working towards a more coordinated approach to the development of entrepreneurship, national experts also recommended that the government engage the private sector. Appointing a high-level National Entrepreneurship Council, with representatives from the policy community, business associations, universities, and development organisations was suggested as a vehicle for raising the policy profile of this key economic growth issue.

In the meantime, the GEM Egypt 2010 study has revealed several areas where government can add value in the fostering of entrepreneurship and, thus, position and promote Egypt as a regional hub for entrepreneurship. These include:

1. Implementing policies that reduce the tax burden, further streamline procedures for starting a business, and reduce bureaucratic, legal and regulatory barriers (and costs) to establishing and operating enterprises. Lower taxes and simplified and unified new business registration and licensing procedures are factors in the creation of a more favourable environment for entrepreneurship, new business entries, and growing firms. Effective one-stop shops, combined with streamlined steps and procedures, could contribute to an increase in the

attractiveness of pursuing formal entrepreneurial activities in Egypt as well as the competitiveness of early-stage enterprises.

2. Aligning government support programmes towards enhancing entrepreneurial activity in Egypt. Establishing networks in collaboration with the private sector to respond to the needs of new entrepreneurs, reducing impediments to the creation and development of businesses, and supporting established businesses in ways that will enhance their sustainability.
3. Expanding government support for research and development by allocating more resources and public investment to encourage R&D efforts. This could be achieved by encouraging research centres in the universities, especially the public ones, to innovate through dissemination of knowledge, facilitating access to funds, increasing exposure to advanced technologies, and facilitating the commercialisation of innovative ideas developed in these centres by building bridges with entrepreneurs.
4. Establishing a larger network of business incubators to support the setting up of new entrepreneurial ventures and provide the appropriate business support needed to increase their chances of survival and growth.
5. Establishing a Technology Acquisition Fund that can be used by new and young firms to secure financing for the acquisition of the latest technologies or to develop new technologies with market potential.
6. Investing in development and integration of entrepreneurial attributes and principles at all levels of the education and training system, as well as specifically targeting the development of young entrepreneurs.
7. Facilitating the trade process for new and established entrepreneurial ventures by developing plans, policies and programmes to increase their export potential, facilitating linkages with other countries whose markets have high potential for Egyptian products, reducing tariffs, and providing assistance in the transportation of products out-of-country.
8. Improving the infrastructure (e.g. transportation, telecommunications, community services) in the country, lowering the cost of services provided to entrepreneurial ventures, and improving the quality in the delivery of the services.

In conclusion, this report highlights some of the major findings of the GEM Egypt research. More in-depth analysis of the many variables in the survey database is possible and would shed light on other interesting aspects of early-stage entrepreneurship in Egypt. Critically important, however, is that the GEM-Egypt 2008 study has, for the first time, established baseline information on the entrepreneurial behaviour of Egyptians. Tracked through annual updates, this will provide a substantial evidence base to inform policymakers. This will better enable them to refine and develop more effective policies, measures and actions to foster entrepreneurship as part of a growth agenda. Other countries have found that conducting the GEM research on an annual basis has produced a unique and invaluable set of data for monitoring trends and changes over time and provided a much richer understanding of the entrepreneurial dynamics taking place in the economy and the environment for entrepreneurship. This has led to many policy improvements and assisted in the evaluation of the impact of different policy measures on the performance of entrepreneurial indicators.

Annex 1. GEM2010 National Teams – Global

Team	Institution	Financial Sponsors	APS Vendor
Angola	Universidade Católica de Angola (UCAN) Sociedade Portuguesa de Inovação (SPI)	Banco de Fomento Angola (BFA)	SINFIC – Sistemas de Informação Industriais, S.A.
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Japan	Keio University	Venture Enterprise Center Ministry of Economy, Trade and Industry	Social Survey Research Information Co.,Ltd (SSRI)
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Latvia	The TeliaSonera Institute at the Stockholm School of Economics in Riga	TeliaSonera AB	SKDS
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Mexico	Tecnológico de Monterrey	Tecnologico de Monterrey	Alduncin y Asociados

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Vanuatu	UNITEC	AusAID UNITEC New Zealand	UNITEC New Zealand
Zambia	University of Zambia	Danish Research Council	Department of Development Studies, University of Zambia
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Annex 2. Glossary of GEM Terminology and Main Indicators

Defined terms and indicators	Description
<i>Nascent entrepreneur</i>	A person between 18-64 years of age who is actively trying to start a new venture and has done something during the previous 12 months to help start a new business that he or she will own, at least in part. Activities such as organising the start-up team, looking for equipment, saving money for the start-up, or writing a business plan would all be considered active commitments to starting a business. Wages, salaries or any other payment have not been paid to the owner/co-owner from the business for more than three months.
<i>New firm entrepreneur</i>	An entrepreneur aged 18–64 years, who, at least in part, owns and manages a new business that is between four and 42 months old and has not paid salaries, wages or any other payments to the owner/co-owner for more than three months but not more than 42 months.
<i>Established business owner</i>	In addition to those adults who are currently involved in the early stages of a business, there are also many individuals who have set up businesses that they have continued to own and manage for a longer time. Established business owners are owner-managers of an existing established business that has paid salaries, wages or other payments to the owner/co-owners for more than 42 months.
<i>Nascent entrepreneurship rate</i>	Percentage of the 18-64 adult population who is currently a nascent entrepreneur (as defined above).
<i>New business ownership rate</i>	Percentage of the 18-64 adult population who is currently an owner-manager of a new business (as defined above)
<i>Early-stage entrepreneurial activity (TEA) rate</i>	Percentage of the 18-64 adult population who is either a nascent entrepreneur or a new firm entrepreneur (as defined above). In some instances, this rate is less than the combined percentages for nascent and new firm entrepreneurs; in circumstances where respondents qualify as both a nascent and a new firm entrepreneur, they are counted only once.
<i>Established business ownership rate</i>	Percentage of the 18-64 adult population who is currently an owner-manager of an established business that has paid wages, salaries or other payments to the owner-manager(s) for more than 42 months (as defined above).
<i>Overall entrepreneurial activity rate</i>	Percentage of the 18-64 adult population who are involved in early-stage entrepreneurial activity plus owner-managers of established businesses (as defined above).
<i>High-growth expectation early-stage entrepreneurial activity (HEA) rate</i>	Percentage of the 18-64 adult population who is either a nascent entrepreneur or owner-manager of a new business (as defined above) and expect to employ at least 20 employees five years from now.
<i>Business discontinuance rate</i>	Percentage of the 18-64 adult population who have, in the past 12 months, discontinued a business, either by selling, shutting down, or otherwise discontinuing an owner/management relationship with the business.
<i>Potential entrepreneurial activity rate</i>	Percentage of the 18-64 adult population (individuals involved in any stage of entrepreneurial activity excluded) who are not involved in entrepreneurial activity, but have a positive perception of their own entrepreneurial capabilities and the entrepreneurial opportunities in the area where they live.

Annex 3. GEM Entrepreneurial Framework Conditions

\The nine Entrepreneurial Framework Conditions (EFCs) considered in the GEM research are outlined below¹⁸. They are not listed in any assumed order of importance.

EFC1: Financial Support: The availability of financial resources, equity, and debt for new and growing firms, including grants and subsidies.

EFC2: Government Policies: The extent to which government policies, reflected in taxes or regulations or the application of either, are either size-neutral or encourage new and growing firms. Subsequent empirical studies have shown that there are two distinct dimensions, or sub-divisions of this EFC. The first covers the extent to which new and growing firms are prioritised in government policy, generally. The second is about regulation of new and growing firms.

EFC3: Government Programmes: The presence and quality of direct programmes to assist new and growing firms at all levels of government (national, regional, and municipal).

EFC4: Education and Training: The extent to which training in creating or managing small, new, or growing businesses is incorporated within the educational and training system at all levels. Subsequent empirical studies have shown that there are two distinct sub-dimensions to this EFC: primary-and secondary-school level entrepreneurship education and training, and post-school entrepreneurship education and training.

EFC5: Research and Development (R&D) Transfer: The extent to which national R&D will lead to new commercial opportunities and whether or not these are available for new, small, and growing firms. (The relative level of R&D and estimates of the stock of accumulated knowledge is covered under “Technology” as a General National Framework Condition.)

EFC6: Commercial and Professional Services Infrastructure: The presence of commercial, accounting, and other legal services and institutions that allow or promote the emergence of new, small, or growing businesses.

EFC7: Internal Market Openness: The extent to which commercial arrangements undergo constant change and redeployment as new and growing firms compete and replace existing suppliers, subcontractors, and consultants. Subsequent empirical studies have shown that there are two distinct sub-dimensions to this EFC: Market Change, that is, the extent to which markets change dramatically from year to year, and Market Openness, or the extent to which new firms are free to enter existing markets.

EFC8: Physical Infrastructure: Ease of access to available physical resources—communications, utilities, transportation, land or space—at a price that does not discriminate against new or growing firms. (Presence and quality of these physical resources are covered as a General National Framework Condition.)

EFC9: Cultural and Social Norms: The extent to which existing social and cultural norms encourage, or do not discourage, individual actions that may lead to new ways of conducting business or economic activities and may, in turn, lead to greater dispersion of personal wealth and income. Subsequent empirical studies have shown that there are two distinct sub-dimensions to this EFC: National Entrepreneurial Culture, or the extent to which the national culture encourages entrepreneurship, and Respect for Entrepreneurs, or the extent to which entrepreneurs have high status.

Endnotes

¹ See Bosma, N., Z.J. Acs, E. Autio, A. Coduras, and J. Levie (2009), *Global Entrepreneurship Monitor, 2008 Executive Report*, Babson College and Universidad del Desarrollo.

² See Bosma, N., K. Jones, E. Autio, and J. Levie (2008), *Global Entrepreneurship Monitor, 2007 Executive Report*, Babson College and London Business School, p. 40.

³ For a sample of the Egypt adult population of 2,500 surveys, the maximum error margin with a 95% confidence level would typically be plus or minus 2%.

⁴ Factor Driven Economies is dominated by subsistence agriculture and extraction businesses, with a heavy reliance on labor and natural resources.

⁵ See Kelley, D. J., Bosma, N., Amorós J. E. (2011), *Global Entrepreneurship Monitor, 2010 Global Report*, Babson College, Babson Park, MA, US, Universidad del Desarrollo, Santiago, Chile, London Business School, London, UK

⁶ See Nishimura, J. S. & Tristan, O. M. (2011). Using the theory of planned behavior to predict Nascent entrepreneurship. *Academia, Revista Latinoamericana de Administración*, 46, 2011, 55-71

⁷ See Timmons, J. A., Muzyka, D. F., Stevenson, H. H., & Bygrave, W. D. (1987). Opportunity recognition: The core of entrepreneurship. In N. C. Churchill, et al. (Eds.), *Frontiers of entrepreneurship research*. Wellesley, MA: Babson College.

⁸ Nassar, Heba (2009)"Impact of Economic Crisis on Women and Youth"

⁹ In 2008, the TEA rate for men was 19% and women 6%. See GEM Egypt report

¹⁰ See women and work in Egypt

¹¹ General Authority for Investment, (2010). "Why Invest in Egypt? Egypt's Key Sectors". Retrieved from <http://www.gafinet.org/English/SectorsValuePreposition/Retail%20value%20proposition-2010.pdf>

¹² See Wamda, "SME Support and Funding; A list of organizations that support and fund small and medium sized enterprises in Egypt", retrieved from http://www.wamda.com/web/uploads/files/EGY_4_SME1.pdf

¹³ Financing Opportunities for SMEs in Egypt Conference, July 15, 2007, Venture Capital and Leasing Industries in Egypt

¹⁴ The Gross Domestic Expenditure on R & D in 2008 was 384 Million USD, which represents 0.24% of GDP. See Saleh, A., (2010), "International Cooperative R&D in Egypt from a governmental and nongovernmental perspective".

¹⁵ Sheta, A. (2011). *Developing an Entrepreneurship Curriculum in Egypt: the Road Ahead*. International Council for Small Business World Conference. Stockholm.

¹⁶ Experiences in other countries suggest this is an effective strategy to build interest in entrepreneurial activity among young girls and women and to enhance their self-efficacy in relationship to starting their own business.

¹⁷ Reynolds, P. D., M. Hay, W.D. Bygrave, S.M. Camp, and E. Autio (2000), *Global Entrepreneurship Monitor: 2000 Executive Report*, Babson College and London Business School, p. 44.

¹⁸ For a theoretical derivation of each of the EFCs, see Levie, J., and E. Autio (2007), "Entrepreneurial Framework Conditions and National-Level Entrepreneurial Activity: Seven-Year Panel Study". Paper presented at 3rd GEM Research Conference, Washington, DC, USA, October.